

## REGULAR MEETING OF THE DOWAGIAC CITY COUNCIL

Municipal Building, 241 S. Front Street, Dowagiac, Michigan

Monday, January 11, 2016, 7:00 p.m.

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### AGENDA

- CALL TO ORDER -Mayor Donald D. Lyons
- PLEDGE OF ALLEGIANCE TO THE FLAG -Mayor Donald D. Lyons
- ROLL CALL -Mayor Donald D. Lyons  
-Mayor Pro-Tem Leon Laylin  
-Councilmember Charles Burling  
-Councilmember James Dodd  
-Councilmember Danielle Lucas  
-Councilmember Lori Hunt  
-Councilmember Bob Schuur
- APPROVAL OF MINUTES OF PREVIOUS MEETING – December 14, 2015  
December 18, 2015, Workshop
- QUESTIONS FROM CITY COUNCIL –
- COMMENTS FROM THE AUDIENCE (NON-AGENDA) –
- Introduction of new police officer
  - Victor Fitz, Cass County Prosecutor
- COMMENTS FROM THE AUDIENCE (AGENDA) –
- COMMUNICATIONS –
1. Event request – Martin Luther King Jr. Day Celebration
  2. Event request - Memorial Day Parade
  3. Receive audit report for Fiscal Year 2014-15 from the independent auditing firm, Yeo & Yeo.
- RESOLUTIONS –
1. Resolution to modify the easement agreement with the Pokagon Band for the water extension project to the Band's development on Dailey Road.
  2. Resolution to authorize budget amendments for the first quarter of Fiscal Year 2015-2016.

3. Resolution to authorize and direct the City Treasurer to pay the following bills and payroll due:  
(Roll Call)

<u>BILLS</u>	<u>PAYROLL</u>	<u>TOTAL</u>
\$931,303.84	\$324,904.77	\$1,256,208.61

ORDINANCES

COMMENTS FROM CITY OFFICIALS –

ADJOURNMENT –

Kevin P. Anderson  
City Manager

Attachments

## DOWAGIAC CITY COUNCIL MEETING

Monday, December 14, 2015

A regular meeting of the Dowagiac City Council was called to order by Mayor Lyons at 7:00 p.m.

Mayor Lyons led the Pledge of Allegiance to the flag.

PRESENT: Mayor Donald D. Lyons, Mayor Pro-Tem Leon D. Laylin; Councilmembers Charles K. Burling, James B. Dodd, Lori A. Hunt, Danielle E. Lucas, Bob B. Schuur and City Clerk Jane P. Wilson.

ABSENT: None

STAFF: City Manager Kevin P. Anderson, Deputy Clerk Rozanne H. Scherr

### APPROVAL OF MINUTES OF PREVIOUS MEETING

Councilmember Dodd moved and Councilmember Laylin seconded that the minutes of the Regular November 23, 2015 meeting be approved.

APPROVED unanimously.

### COMMENTS FROM THE AUDIENCE (NON-AGENDA)

Diane Barrett-Curtis, resident, addressed council on when and how many informational meetings will be held on the proposed charter amendment ballot issue scheduled for the March 8, 2016 election.

### COMMUNICATIONS

1. Yeo & Yeo Engagement Letter – 2015 Audit Services – informational purposes only, no action required.
2. Event request – Ice Time.

Councilmember Laylin moved and Councilmember Hunt seconded to approve the request to hold the Ice Time Festival.

3. Public Safety Director Steve Grinnwald – Introduction of new police officer. Deferred to next council meeting.

### APPOINTMENTS

Mayor Lyons introduced the addition of appointment #3 and requested it be moved on to the agenda.

1. Housing Commission – Recommended by Mayor, offered by Mayor Pro-Tem: Appoint Judi Owen for a term expiring August 2020.

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2. Planning Commission – Recommended by Mayor, offered by Mayor Pro-Tem: Appoint Tony Poarch to fill the unexpired term of Whitney Behnke expiring April 2016.
3. DART Local Advisory Committee – Recommended by Mayor, offered by Mayor Pro-Tem: Appoint Jean Cline for a term expiring May 2020.

Councilmember Schuur offered and moved the approval of the appointments; seconded by Councilmember Lucas.

RESOLUTIONS

1. Resolution of intent to sell City-owned property located at 202 McCleary Street.

Councilmember Laylin offered and moved the adoption of the following resolution; seconded by Councilmember Hunt.

WHEREAS, the City of Dowagiac wishes to convey and sell a parcel of real property owned by the City in accordance with the provisions of Section 14.9 of the City Charter; and,

WHEREAS, to do so requires the formal approval of the final-form resolution authorizing such conveyance a minimum of twenty-one (21) days in advance of the final adoption of the said, final-form resolution.

NOW, THEREFORE, BE IT RESOLVED that the Dowagiac City Council, by the affirmative vote of its City Council, does hereby adopt and introduce the attached, final-form resolution for the conveyance of City-owned real property in accordance with the provisions of Section 14.9 of the City Charter, and further directs the City Clerk to maintain on file for public review said same final-form resolution for a period of not-less-than twenty-one (21) days preceding the formal action by Council to approve the resolution as attached.

ADOPTED unanimously.

Final Form Resolution

Resolution #  
January 11, 2016

**City Property Sale; 202 McCleary Street; Mr. Richard Accoe; \$600.00**

Councilmember \_\_\_\_\_ offered and moved the adoption of the following resolution, seconded by Councilmember \_\_\_\_\_.

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**WHEREAS**, at the December 11, 2015 City Council meeting by way of an adopted resolution introducing same, the Dowagiac City Council approved of a final-form resolution authorizing the conveyance of City-owned, real property in accordance with the provisions of Section 14.9 of the City Charter, and the specifications outlined in the City Council Policy enacted on June 21, 1993, and;

**WHEREAS**, having now remained on file for public inspection with the Office of the City Clerk for in-excess-of the minimum twenty-one (21) day period required by the City Charter, the City of Dowagiac wishes to formally convey and sell the parcel of surplus real property legally described in Exhibit "A", commonly known as 202 McCleary Street in the City of Dowagiac, according to the recorded plat thereof, and more commonly referred to as Parcel Code No. 14-160-300-750-00, to Mr. Richard Accoe, for the total sale price of six hundred dollars (\$600.00).

**NOW, THEREFORE, BE IT RESOLVED** that the Dowagiac City Council, by the affirmative roll call vote of five or more of its City Council Members, does hereby adopt and approve the sale and conveyance of City-owned real property legally described in Exhibit "A", commonly known as 202 McCleary Street in the City of Dowagiac, according to the recorded plat thereof, and more commonly referred to as Parcel Code No. 14-160-300-750-00, to Mr. Richard Accoe, for the total sale price of six hundred dollars (\$600.00).

**BE IT FURTHER RESOLVED** that the said conveyance shall be accomplished by means of the transfer of a Quit-claim Deed, as prepared by the City Attorney, signed by the Mayor and Clerk respectively of the City of Dowagiac, and executed within thirty (30) days following adoption of this resolution.

ADOPTED/REJECTED

2. Resolution asking the Planning Commission to consider an amendment to the zoning ordinance to classify pot belly pigs as a pet and low for them to be kept in residential zoning districts.

Councilmember Laylin offered and moved the adoption of the following resolution; seconded by Councilmember Schuur.

**WHEREAS**, the City Council received a request from a concerned citizen to allow for miniature pigs to be allowed within the city limits as a pet, and;

**WHEREAS**, research indicates that many municipalities in Michigan now allow miniature pigs to be classified as pets rather than livestock, and;

**WHEREAS**, a change in classification would require a change to the Dowagiac Zoning Code.

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NOW, THEREFORE BE IT RESOLVED that the City Council does hereby direct the City Manager to draft an ordinance that would classify miniature pigs as pets allowed in residential zoning districts and send said ordinance to the Dowagiac Planning Commission for review and recommendation to Council.

ADOPTED unanimously.

3. Resolution to authorize and direct the City Treasurer to pay the following bills and payroll due:

Councilmember Schuur offered and moved the adoption of the following resolution; seconded by Councilmember Burling.

**WHEREAS**, the following information has been reviewed by the City Manager and City Treasurer and is being presented to City Council with a recommendation to approve payroll #5 and #6, and invoices for the period ending 12/10/15:

Invoices	\$1,023,103.34
Payroll #5	\$193,722.09
Payroll #6	<u>\$118,812.26</u>
Total	\$1,335,637.69

**BE IT RESOLVED** that the City Manager and City Treasurer are hereby authorized and directed to pay the following bills and payroll due:

<u>BILLS</u>	<u>PAYROLL</u>	<u>TOTAL</u>
\$1,023,103.34	\$312,534.35	\$1,335,637.69

ADOPTED on a roll call vote.

Ayes: (6) Laylin, Burling, Dodd, Lucas, Hunt, Schuur

Nays: None (0)

Absent: None (0)

Abstain: None (0)

ORDINANCES

1. Second reading of an Ordinance to add Section 2.28 GROUNDWATER USE RESTRICTIONS to the Dowagiac Municipal Code.

TABLED TO NEXT MEETING.

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### **SECTION 2.28 GROUNDWATER USE RESTRICTIONS.**

The City of Dowagiac City Council finds that the use of certain groundwater wells and water supplies from such wells for human consumption or other purposes may constitute a public health risk and endanger the safety of the residents of the City of Dowagiac and therefore the City has determined that it is in the best interests of the public health, safety and welfare to prohibit uses of groundwater from wells at properties located in the vicinity of contaminated sites.

A. DEFINITIONS. For the purposes of this Ordinance, the following definitions shall have the following meanings:

*Affected premises* means a parcel of property any part of which is located within a Restricted Zone as defined below.

*Applicant* means a person who applies for the establishment of a Restricted Zone pursuant to this Ordinance.

*Contaminated groundwater* means groundwater in which there are present concentrations of materials that exceed the residential drinking water criteria established by the Michigan Department of Environmental Quality in operational memoranda or rules promulgated pursuant to Part 201, Environmental Remediation (MCL 324.20101 et seq.), or part 213, Leaking Underground Storage Tanks (MCL 324.21301a et seq.), of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, MCL 324.101 et seq., dependent upon whether the release is regulated pursuant to Part 201 or part 213.

*Exacerbation* means "Exacerbation" as defined in Part 201, Environmental Remediation (MCL 324.20101, et seq.).

*Groundwater* means underground water within the zone of saturation.

*MDEQ* means the Michigan Department of Environmental Quality, or its successor agency.

*Person* means any individual, co-partnership, corporation, association, club, joint venture, estate, trust, and any other group or combination acting as a unit, and the individuals constituting such group or unit.

*Release* means a "release" as defined in Part 201, Environmental Remediation (MCL 324.20101 et seq.), or Part 213, Leaking Underground Storage Tanks (MCL 324.21301a et seq.), of the Natural Resources and Environmental Protection Act, 1994 P A 451, as amended, MCL 324.101 et seq., dependent upon whether an underground storage tank is involved.

*Restricted Zone* means an area or areas described within Section B of this Ordinance within which the prohibition of groundwater wells and the use of groundwater applies.

*Well* means an opening in the surface of the earth for the purpose of removing fresh water through non mechanical or mechanical means for any purpose other than a public emergency or conducting response actions that are consistent with the Michigan Natural Resources and Environmental Protection Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, or other applicable statute.

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*USEPA* means the U.S. Environmental Protection Agency.

### B. RESTRICTED ZONE.

1. Except as provided in Section E of this ordinance, and after the effective date hereof, no person or legal entity shall install or allow, permit or provide for the installation or utilization of a well on any affected premises on which they have an ownership interest, or lessee or tenant interest or control, within the Restricted Zone. Property within the Restricted Zone shall be serviced only by public water supply.
2. Exhibit A attached hereto is a scaled map illustrating the groundwater well restricted zone ("Restricted Zone").
3. Exhibit B attached hereto contains the narrative description of the Restricted Zone.
4. Exhibit C attached hereto contains a listing of all affected premises within the Restricted Zone by parcel identification number and address.
5. A notice shall be sent to the Van Buren/Cass County Public Health Department advising the health department of the Restricted Zone established hereunder and the health department's written acknowledgement that it will not issue permits for prohibited wells within the Restricted Zone, shall be filed with MDEQ prior to the effective date of this Ordinance.

### C. WELLS AFFECTING CONTAMINATED GROUNDWATER WAIVER.

No well may be used or installed at any place in the City if the use of the well will have the effect of causing the migration of contaminated groundwater or a contaminated groundwater plume to previously unimpacted groundwater, or adversely impacting any groundwater treatment system, unless the well is part of an MDEQ or USEP A approved groundwater monitoring or remediation system.

If the MDEQ determines that the use of a well is not influenced or potentially influenced by contaminated groundwater and further determines the use of that well will remain permanently unaffected by the future migration of contaminated groundwater, and proof of those determinations is delivered to the City, the City Manager may execute a waiver allowing the use of the well. For example, a well may be installed within a restricted zone in a deep aquifer below a geologic aquitard, provided that the person proposing to install such a well:

- a. Uses well construction techniques (e.g. double casing) that will maintain the integrity of the lower aquifer and prevent the migration of contaminants from the upper aquifer into the lower aquifer; and
- b. Submits to the City Manager, the USEPA and MDEQ the proposed well construction techniques for review and approval, prior to the installation of the well.

### D. NON-CONFORMING WELLS.

Any existing well, the use of which is prohibited by this Ordinance, shall, within 180 days of the effective date hereof, be plugged or abandoned in conformance with all applicable laws, rules, regulations, permit and license requirements, orders and directives of any governmental entity or agency of competent jurisdiction, or, in the absence of an applicable law, rule, regulation, requirement, order, directive, in conformance with the protocol developed consistent with the American Standards for Testing and

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Materials standard #D5299-92 and the person requesting the ordinance shall provide for the abandonment and plugging of all existing wells prohibited by this Ordinance on the affected premises and connect such premises to The City of Dowagiac Public Water Supply, without cost to the owners or occupants of the premises.

### E. EXCEPTIONS.

1. Construction of De-Watering Wells. Wells in the Restricted Zone used for construction de-watering are not prohibited by this Ordinance, provided that the water generated by that activity is properly handled and disposed in compliance with all applicable laws and regulations and the use of a de-watering well does not result in the unacceptable exposures to contaminated groundwater, possible cross-contamination between saturated zones, or exacerbation of contaminated groundwater. Any exacerbation caused by the use of wells under this exception shall be the responsibility of the person operating the de-watering well, as provided in Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

2. Groundwater Monitoring and Remediation Wells. Wells used for groundwater monitoring and/or remediation as part of response activity approved by the USEPA and/or MDEQ are not prohibited by this ordinance.

3. Exception Wells. Two (2) groundwater exception wells approved by USEPA for purposes other than drinking water ("Exception Wells") are located in the Restricted Zone at the locations identified on Exhibit C, attached hereto, 504 Louise (aquaculture) and 601 Louise (toilet flushing), and may continue to be utilized for the limited purposes identified thereon.

4. A well may be used in the event of a public emergency. Notice of such use shall be provided to the MDEQ within a reasonable time thereafter.

### F. ENFORCEMENT.

1. Any well in violation of any provision of this Ordinance is hereby declared to be a nuisance per se, subject to abatement and immediately taken out of service and lawfully abandoned or plugged consistent with all applicable rules and regulations. Any person, firm, or corporation who violates, disobeys, omits, neglects, or refuses to comply with any of the provisions of this Ordinance shall be guilty of a civil infraction punishable by the sanctions as set forth below.

2. The City Manager or his or her designee, together with law enforcement officers, are authorized officials to issue municipal civil infraction citations and municipal civil infraction violation notices for violation of this Ordinance.

3. Each day that a violation continues may be deemed a separate infraction.

4. The sanction for any violation of this Ordinance which is a municipal civil infraction shall be a civil fine as provided herein, plus any costs, damages, expenses, and other sanctions authorized under Act 12 through 26, Public Acts of Michigan of 1994 and the Code of Ordinances of the City of Dowagiac.

5. Increased civil fines will be imposed for repeated violations that occur within a six (6) month period. Civil fines for first offenses, repeat first offenses and repeat second offenses will be established from time

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to time by resolution of the City Council.

6. The rights and remedies provided herein are cumulative and in addition to any other remedies provided by law.

7. In addition, the City may seek an order from a court of appropriate jurisdiction to obtain equitable relief to restrain any person from violating this Ordinance and to properly and lawfully remove or abandon the well and such other relief as may be available to the City pursuant to Chapter 83 and 87 of the Michigan Remedial Judicate Act, as amended at the present time or in the future, including the collection of costs and actual attorney fees associated with such enforcement action.

### G. NOTIFICATION OF INTENT TO AMEND OR REPEAL.

At least thirty (30) days prior to adopting a revision or amendment to this Ordinance or prior to its repeal, the City of Dowagiac shall notify the USEP A and MDEQ, or their successor agencies, of its intent to so act.

### H. PUBLISHING AND RECORDING.

This Ordinance or an amendment to this Ordinance shall be published as follows:

(a) If the release is regulated pursuant to Part 201, then this Ordinance or an amendment to this Ordinance shall be published and maintained in the same manner as zoning Ordinances.

(b) If the release is regulated pursuant to Part 213, then this Ordinance or an amendment to this Ordinance shall be filed with the Cass County Register of Deeds as an Ordinance affecting multiple properties.

### I. ADDING NEW RESTRICTED ZONES.

The City of Dowagiac City Council may amend this Ordinance to address new Restrictive Zones in accordance with the following procedure:

(1) An applicant shall first file a request with the City of Dowagiac City Manager advising the City of the applicant's interest in establishing a Restricted Zone pursuant to this article. The notice shall describe the proposed boundaries of the proposed Restricted Zone, the reason for the proposed Restricted Zone, a preliminary map of the proposed Restricted Zone, the proposed time schedule for implementing the proposed Restricted Zone and the proposed groundwater use restrictions to be applicable within the Restricted Zone. The City Manager will, after notifying the City Council of the notice of intent, respond to the applicant with a preliminary and non-binding indication of the City's willingness to consider the proposed Restricted Zone. The City Manager, or his or her designee, may also be an applicant for the purposes of initiating this procedure.

(2) The Applicant shall seek and obtain the USEPA and MDEQ's approval of the proposed Restricted Zone and proposed groundwater use restrictions to be applicable therein prior to filing an application with the City. In order to be considered by the City, the Restricted Zone must minimize or eliminate the need for restrictive covenants on property that is not owned or operated by and is not subject to remediation by a party responsible for the contaminated groundwater. The creation of a Restricted Zone should have the

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effect of eliminating the need for non-responsible parties to impose environmental restrictive covenants on their property and be beneficial to the owners or occupants of property that was not the site of a release.

(3) If any premises, which will be subject to the proposed new Restricted Zone, are not already served by City water service, the applicant shall assure such service is, if it is feasible from an engineering perspective to do so, served with City water service at no cost to the property owners or occupant. The applicant shall have to assure such service is provided. The applicant shall also provide for the abandonment and plugging of nonconforming wells on any affected premises without cost to the owners or occupants of the premises and in compliance with Section D above. Proof of the provision of such service and plugging/abandonment of such wells shall be required or an escrow account shall be established therefor in an amount and form acceptable to the City Council.

(4) After USEPA and MDEQ approve the proposed Restricted Zone as an alternative to restrictive covenants on property on which no release has occurred, an applicant shall file with the City Manager a formal request to the City including, at a minimum, the following information, together with an escrow deposit as required under this section. The information can be in the form of a proposed remedial action plan (RAP), corrective action plan (CAP), or other similar document if appropriate cross-references are made for ease of reference.

a. The name, address, and phone number of the applicant, as well as each person having an interest as owner, tenant, easement holder or mortgagee in the real property which is the source or site of the contaminated groundwater, if known.

b. The street address and legal description of the real property which is a source or site of the contaminated groundwater, if known, and the nature of the applicant's relationship to that property and involvement concerning the contaminated groundwater.

c. The nature and extent of the contaminated groundwater and the contamination causing it, both in summary form in plain English, and in detail in technical terms, stating the types and concentrations of contaminants; a map or survey showing their current location; a statement of their likely or anticipated impact on groundwater and the nature of the risks presented by the use of the groundwater, as well as the likely or anticipated path of migration if not remediated or corrected and a detailed statement of any plan to remediate, correct, and/or contain the contamination.

d. A detailed map and narrative description of the proposed Restricted Zone.

e. The street addresses and general description of all affected premises.

f. The names, addresses (mailing and street), and phone numbers (if readily available) of all persons with an interest as owner, tenant, easement holder or mortgagee of all affected premises.

g. The location, current status, and usage characteristics of all existing groundwater wells within the proposed restricted zone.

h. A detailed statement or description of the proposed regulation or prohibition of the use of existing and future wells within the Restricted Zone needed to adequately protect the public from the potential health hazards associated with the contaminated groundwater, including a description of permissible uses of such wells, together with the written consent of the USEP A and MDEQ to such uses of groundwater.

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i. A description and time schedule for any actions the Applicant will take to implement any remediation plan, mitigate the adverse impact of the Restricted Zone (e.g., providing substitute water service), and to properly close and abandon any existing wells subject to the use prohibition within the proposed Restricted Zone.

j. A copy of the information submitted to the USEPA and MDEQ concerning the proposed Restricted Zone, along with a written statement from an USEPA and MDEQ representative with approval authority stating that the proposed Restricted Zone and use regulations have received USEPA and MDEQ approval as part of the response actions for the groundwater contamination. The USEPA and MDEQ approval may be contingent upon the City's establishment of the proposed Restricted Zone pursuant to this Article.

k. Copies of the notice provided to the Van Buren/Cass County Public Health Department concerning the New Restricted Zones established hereunder, as well as Restricted Zones that may be created in the future. This documentation, accompanying regulations, and the health department's written acknowledgement that it will not issue permits for prohibited wells within the New Restricted Zone(s) must be provided.

l. Copies of the notices provided to the owners of affected property together with a sworn statement that such notices were provided to all such owners with the details of the manner in which such notices were provided. At minimum, the notice must:

1. Identify the sender of the notice including the sender's name, address, contact person and telephone number;

2. Identify the owner of the property which is the source of the contamination or who is seeking the Restricted Zone including the owner's name and the property address;

3. State what the effects of the Restricted Zone will be, i.e. how use of the groundwater will be restricted;

4. Who can be contacted at the City, the USEPA, MDEQ and the applicant for more information;

1. A description of the groundwater plume and a brief description of the nature of the contamination; and

2. Any other information reasonably requested by the City Manager.

m. A statement that the applicant agrees to pay all costs incurred by the City in the establishment of the proposed Restricted Zone, including without limitation, reimbursement for staff time, the fees of environmental consultants and legal counsel, the cost of publication, any per diem or other amounts paid to public officials for attending any special meetings, etc. This statement shall also consent to the placement of a lien on the applicant's premises of the amounts due under this section if same, are not timely paid (i.e. paid within 30 days of the issuance by the City of an invoice therefor). That statement shall be in the form acceptable to the City's legal counsel and shall be in a form so as to be recordable in the records of the county register of deeds.

(5) Along with the application, the applicant shall pay a deposit for escrow of the amount estimated by the City Manager to be the costs incurred by the City for the establishment of the proposed Restricted Zone as described in 4 above. The deposit shall not bear interest and the City may use funds from it to pay the costs as they are incurred, requiring the applicant to maintain a minimum balance of \$5000.00 in the escrow

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account. Any failure by the applicant to maintain the escrow as required by this provision may result in the City's discontinuance of its processing of the request to establish a Restricted Zone and can result in the filing of a lien against the premises of the applicant.

(6) Once the City Manager or his or her designee is satisfied that the application is complete, the City Manager shall place the matter on the City Council's agenda to set a time, date, and place for a public hearing on the application.

(7) After the City Council sets the public hearing, the applicant shall cause a written notice of the hearing to be sent by first class mail to all persons having an interest as owner, tenant, easement holder, or mortgagee in any of the affected premises. The notice shall include a brief statement regarding the application fairly designed to inform the recipients of its main features and potential impact on the recipients in general. The notice shall be mailed at least ten days prior to the hearing. The notice of hearing shall also be published in a newspaper of general circulation in the City at least seven days before the hearing. The notice shall also be mailed to the USEP A and MDEQ representative who gave the approval of the proposed Restricted Zone and use regulations and the USEP A and MDEQ district supervisor for the USEP A and MDEQ regulatory program with jurisdiction over the contaminated site. A copy of the notice, an affidavit of publication and an affidavit of mailing shall be filed with the City Manager before the hearing.

(8) Upon the establishment of a new Restricted Zone, the City Clerk shall publish notice of the amendment to this article in the manner required by law for ordinance amendments. The applicant shall give notice to the owners and occupants of all property on which wells are located of the need to close and abandon wells under this chapter as amended.

J. SAVINGS PROVISION.

If any article, section, subsection, sentence, clause, phrase or portion of this Ordinance is held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of remaining portions of the Ordinance, it being the intent of the City of Dowagiac that this Ordinance shall be fully severable. The City of Dowagiac shall promptly notify the USEP A and MDEQ upon the occurrence of any event described in this section.

K. CONFLICT WITH OTHER ORDINANCES.

All ordinances or parts of ordinances in conflict with any of the provisions of this Ordinance are hereby repealed.

L. EFFECTIVE DATE.

This Ordinance shall be in full force and effect ten (10) days after its publication as provided by law.

Adopted and signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

\_\_\_\_\_

## EXHIBIT A



## EXHIBIT B

### NARRATIVE DESCRIPTION OF A GROUNDWATER RESTRICTED ZONE IN THE CITY OF DOWAGIAC, CASS COUNTY, MICHIGAN

OCTOBER 16, 2015  
(PROJECT NO. 154220)

THAT PART OF THE NORTH HALF OF SECTION 31, TOWNSHIP 5 SOUTH, RANGE 15 WEST, CITY OF DOWAGIAC, CASS COUNTY, MICHIGAN, DESCRIBED AS: BEGINNING AT THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF PRAIRIE RONDE STREET AND THE WEST RIGHT OF WAY LINE OF KING STREET; THENCE NORTHERLY ON SAID WEST RIGHT OF WAY LINE AND ON SAID WEST RIGHT OF WAY LINE EXTENDED TO THE SOUTHEASTERLY BANK OF AN UNNAMED CREEK ALSO KNOWN AS THE KING STREET STORM WATER OUTLET; THENCE NORTHERLY ON SAID SOUTHEASTERLY BANK AND ON THE EASTERLY BANK OF SAID UN-NAMED CREEK TO THE NORTH LINE SAID SECTION 31 AND

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THE NORTH LINE OF THE DOWAGIAC CITY LIMITS; THENCE EASTERLY ON SAID NORTH LINE TO THE SOUTHWESTERLY TOP OF BANK OF PINE LAKE DRAIN; THENCE SOUTHEASTERLY ON SAID SOUTHWESTERLY TOP OF BANK TO THE NORTHWESTERLY TOP OF BANK OF THE RUDY ROAD DRAIN; THENCE SOUTHWESTERLY ON SAID NORTHWESTERLY TOP OF BANK TO THE NORTH RIGHT OF WAY LINE OF SAID PRAIRIE RONDE STREET; THENCE WESTERLY ON SAID NORTH RIGHT OF WAY LINE TO THE POINT OF BEGINNING.

**EXHIBIT C**

**[ List of Restricted Zone Parcels by Parcel Identification Number and Address]**

See Original on file with City Clerk.

Moved by: Schuur 1<sup>st</sup> reading 09 NOV 2015

Seconded by: Lucas

TABLED TO NEXT MEETING. Motion by Councilmember Schuur, second by Councilmember Hunt to approve table to next meeting.

APPROVED on a roll call vote.

Ayes: (6) Laylin, Burling, Dodd, Lucas, Hunt, Schuur

Nays: None (0)

Absent: None (0)

Abstain: None (0)

ADJOURNMENT

Upon motion by Councilmember Schuur and seconded by Councilmember Dodd, the Dowagiac City Council adjourned at 7:17 PM.

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Donald D. Lyons, Mayor

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Jane P. Wilson, City Clerk

## DOWAGIAC CITY COUNCIL WORKSHOP

Friday, December 18, 2015

A special workshop meeting of the Dowagiac City Council was called to order by Mayor Lyons at 8:05 .m.

Mayor Lyons led the Pledge of Allegiance to the flag.

PRESENT: Mayor Donald D. Lyons, Mayor Pro-Tem Leon D. Laylin; Councilmembers James B. Dodd, Bob B. Schuur and Chuck Burling.

ABSENT: Jane Phillipson, Lori Hunt and Danielle Lucas.

STAFF: City Manager, Kevin P. Anderson and Accountant, Rebecca L. Grabemeyer, CPA.

GUESTS: Steve, Bill, and Jordan of the Engineering firm Whiteman & Associates. Judy Lawrence attended representing the Library interests. Whiteman left the meeting, at 10:50, after their presentation.

Council discussed Beckwith Park issues and the rational for putting that discussion on hold.

Council discussed the Division Street corridor, the Gorelich Building and E. Division St., West Division St., and bringing parking lots up to City codes.

Discussed financing and schedule of reconstruction of Division St. corridor.

9:15 am – 9:30 pm. Mid-morning break

Park Plan

Rudy Park  
Riverside Dr.  
Cass Ave.

Complete discussion of Division Street and Parks at 10:45.

Review misc items.

Lunch break - 11:30 am

Reconvene 11:55 am - Continue discussion of agenda items

DOWAGIAC CITY COUNCIL MEETING

Friday, December 18, 2015

Page Two

ADJOURNMENT

Upon motion by Councilmember Schuur and seconded by Councilmember Dodd, the special Dowagiac City Council workshop adjourned at 12:20 PM.

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Donald D. Lyons, Mayor

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Kevin P. Anderson, City Manager

**EVENTS APPROVAL FORM**

Event: Martin Luther King Jr. Day Celebration  
Date: Sunday, January 17, 2016  
Sponsoring Organization: Second Baptist Church  
Contact Person(s): Don Nash  
Contact Person's Telephone: 269.782.6197

**CITY MANAGER:**

Final Approval  Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Department Heads:**

Please review the attached event/activity request; indicate conditional approval, approval or denial; and provide comments regarding possible concerns. All comments will be taken under consideration and final approval remains with the City Manager.

**DEPARTMENT OF PUBLIC SAFETY:**

Approval  Approval with conditions  Denial

Comments: \_\_\_\_\_

Signature Steve Hummel Date 12/17/15

**DEPARTMENT OF PUBLIC SERVICES:**

Approval  Approval with conditions  Denial

Comments: \_\_\_\_\_

Signature James Bradford Date 12/17/15

**FINANCE DEPARTMENT:**

Approval       Approval with conditions       Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**DOWNTOWN DEVELOPMENT AUTHORITY:**

Approval       Approval with conditions       Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Second Baptist Church  
203 S. Paul St.  
P.O. Box #892  
Dowagiac, MI 49047  
(269) 782-6197  
SecondBaptistDowagiac@yahoo.com

December 14, 2015

City of Dowagiac,

The members of Second Baptist Church are preparing for the Martin Luther King, Jr. Day Celebration. One of the events we have planned for the celebration is to march from City Hall to Second Baptist Church.

With your permission, we would like to assemble at City Hall at 2:00 p.m., Sunday, January 17, 2016. We will be serving soup and chili following the service after the march.

God Bless,

Don Nash

A handwritten signature in cursive script that reads "Don Nash". The signature is written in black ink and is positioned below the printed name "Don Nash".

**EVENTS APPROVAL FORM**

Event: Memorial Day Parade  
Date: May 30, 2016  
Sponsoring Organization: Peninsular Lodge No. 10, F&AM  
Contact Person(s): Tim Feirick  
Contact Person's Telephone: 269.782.8686

**CITY MANAGER:**

Final Approval  Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Department Heads:**

Please review the attached event/activity request; indicate conditional approval, approval or denial; and provide comments regarding possible concerns. All comments will be taken under consideration and final approval remains with the City Manager.

**DEPARTMENT OF PUBLIC SAFETY:**

Approval  Approval with conditions  Denial

Comments: \_\_\_\_\_

Signature Steve L. ... Date 12/23/15

**DEPARTMENT OF PUBLIC SERVICES:**

Approval  Approval with conditions  Denial

Comments: \_\_\_\_\_

Signature James Bradford Date 12/23/15

**FINANCE DEPARTMENT:**

Approval       Approval with conditions       Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**DOWNTOWN DEVELOPMENT AUTHORITY:**

Approval       Approval with conditions       Denial

Comments: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_



Masons. Live better.™

Peninsular Lodge No. 10, F&AM

December 7, 2015

Dowagiac City Council  
Dowagiac City Hall  
241 S. Front St.  
Dowagiac, MI 49047

Dear Council Members,

The Masons of Dowagiac consider it a great honor to have been entrusted to produce the annual Dowagiac Memorial Day Parade. Your ongoing support is truly humbling.

We again request your permission to host the 2016 edition of the Memorial Day Parade and Ceremonies to be held May 30. We anticipate the format, times and parade route to be similar to that of the past. We will open with ceremonies at City Hall. Again, each of you will be invited to participate. The parade will proceed from City Hall to Riverside Cemetery to offer a final salute to our fallen veterans.

Thank you in advance for your support and encouragement.

Sincerely

Tim Feirick  
Worshipful Master

1782-8686



***CITY OF DOWAGIAC***

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***MEMO TO:*** Mayor and Council Members

***FROM:*** Kevin P. Anderson, City Manager

***DATE:*** January 8, 2016

***SUBJECT:*** Financial Statements

---

The auditors completed their work and presented the final audit for FY 2014-15. A copy is attached for your review. The auditors will be present to review the financial statements with you and address any questions you may have. The auditors have reported that our financial statements and procedures comply with good accounting practices and law.

The audit is an independent review of the City's financial position and recordkeeping. Council's action is to accept the report and make it part of the City's records. The audit report is available for public review in the Clerk's office or on the City's website.

Audits are independent so the appropriate action is to accept or reject the report.

ACCEPTED/REJECTED

Moved by:

Seconded by:

Ayes:

Nays:

Absent:

Abstain:

James E. Snow, City Clerk

January 4, 2016

Management and the City Council  
City of Dowagiac  
241 South Front Street  
Dowagiac, MI 49047

We have completed our audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dowagiac as of and for the year ended September 30, 2015 and have issued our report dated January 4, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 12, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the organization are described in Note 1 of the financial statements. The Government has adopted Governmental Accounting Standards Board Statements (GASBS) No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Both statements are effective July 1, 2014. Statement No. 68 provides guidance to improve accounting and financial reporting by state and local governments for pensions. Statement No. 71 addresses the application of the transition provisions of Statement No. 68. We noted no transactions entered into by the City during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Dowagiac's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service. We have evaluated management's estimates in these areas and the process used for making the accounting estimates, the risk of material misstatement, and the indication of possible bias and disclosure and uncertainty in the financial statements. We feel the estimates have been properly recorded and evaluated by management.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report. We noted no bias on the calculation of the estimate.

- Management's estimate of other post-employment benefits, which is derived from a calculation including factors such as: life expectancy, historical insurance costs, probability of retirement, and the applicable federal interest rates in effect at the time of the calculation.
- Management's estimate of an allowance for doubtful accounts, which is based on management's judgment of collectability and aging of the accounts receivable balances.

We feel the estimates have been properly recorded and evaluated by management.

Disclosures in the financial statements are neutral, consistent and clear.

### *Accounting Standards and Regulatory Updates*

#### **Accounting Standards**

The Governmental Accounting Standards Board ("The GASB") has issued Statement 72, *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending September 30, 2016, although earlier application is allowed.

In addition, the Governmental Accounting Standards Board has released the following three Statements.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending September 30, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending September 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending September 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending September 30, 2018.

The City is evaluating the impact GASB 72 and 75 will have on its financial reporting.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were more than trivial.

Management has determined that the effects of the uncorrected misstatements below are immaterial both individually and in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

- \$30,000 of a prior year grant has not yet been received in the Parks Fund. This amount should have been classified as a deferred inflow in both the current year and the prior year. This results in an understatement of deferred inflows at September 30, 2015, as well as an overstatement of fund balance. This issue is expected to be resolved in 2016.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no disagreements with management during the audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

#### *Management's Consultations with Other Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Emphasis of Matters in Independent Auditors' Report*

The government adopted a new accounting standard, and our report will include the following emphasis of matter paragraph:

**Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the Government adopted GASB Statement No. 68 and GASB Statement No. 71, *Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date*, respectively. Our opinions are not modified with respect to this matter.

*Report on Required Supplementary Information*

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis and budgetary comparison information, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

*Report on Other Information*

With respect to the supplementary information accompanying the financial statements, other than the List of Elected and Appointed Officials, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We discussed these matters with various personnel in the City during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the City Council, and others within the City, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

Kalamazoo, Michigan

**City of Dowagiac**

**Financial Statements**

**September 30, 2015**

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**City of Dowagiac**  
**List of Elected and Appointed Officials**  
**September 30, 2015**

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**Elected Officials**

Donald D. Lyons – Mayor

Leon Laylin – Mayor Pro-Tem

Lori Hunt – Council Member

Danielle Lucas – Council Member

James Dodd – Council Member

Bob Schuur – Council Member

Charles Burling – Council Member

Jane P. Wilson – City Clerk

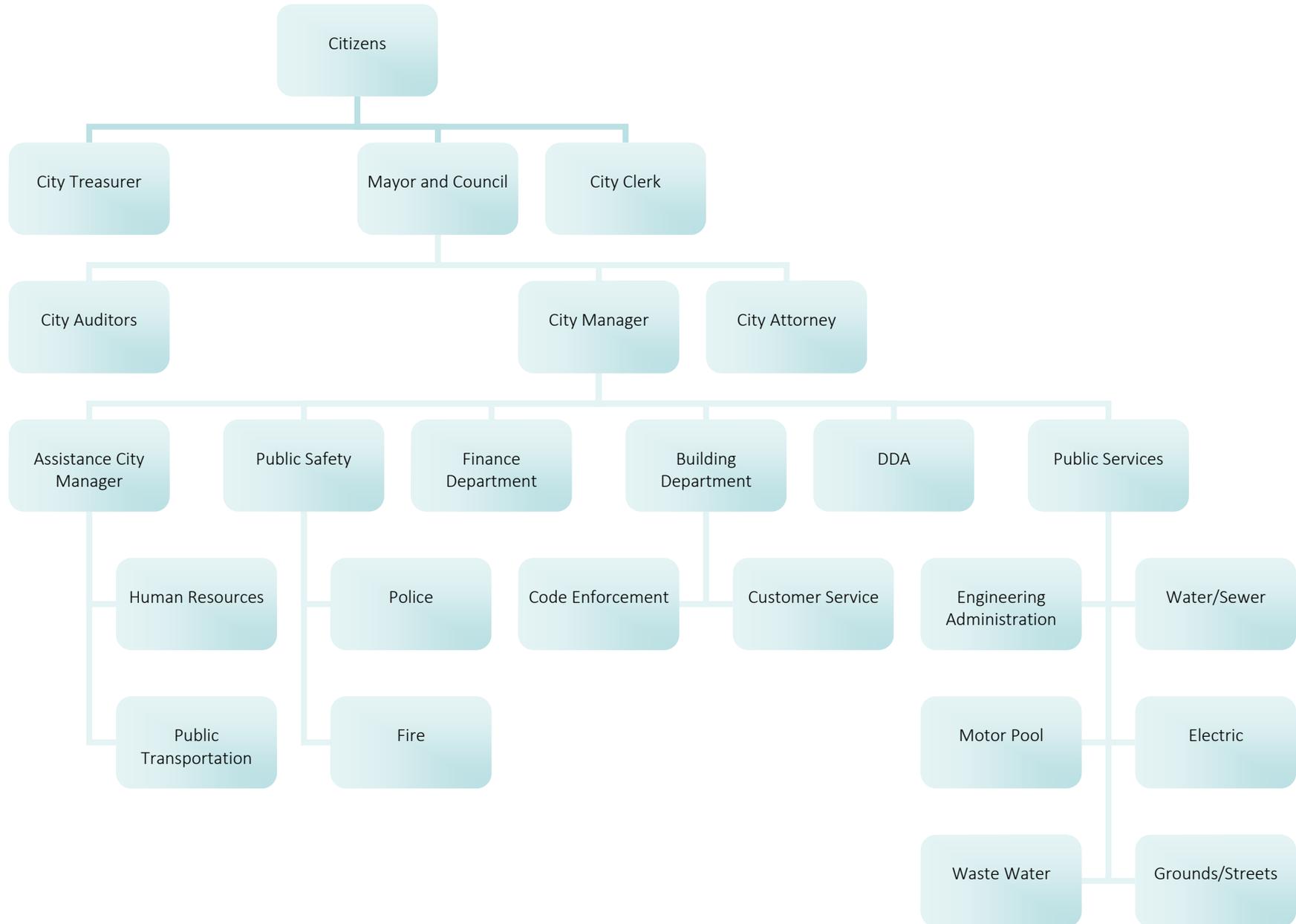
Robin Coffey - Treasurer

**Appointed Officers and Officials**

Kevin Anderson – City Manager

**City of Dowagiac**  
**List of Elected and Appointed Officials**  
**September 30, 2015**

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710 E. Milham  
Kalamazoo, MI 49002  
(269) 329.7007 / (800) 375.3968  
Fax (269) 329.0626

## Independent Auditors' Report

To the Honorable Mayor and City Council  
City of Dowagiac, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dowagiac, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dowagiac, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Adoption of New Accounting Standards***

As described in Note 1 of the financial statements, during the year ended September 30, 2015, the Government adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

## **Other Matters:**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Municipal Employees Retirement System schedules, and other postemployment benefit schedules as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dowagiac's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016 on our consideration of the City of Dowagiac's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Dowagiac's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Kalamazoo, MI  
January 4, 2016

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

---

Our discussion and analysis of the City of Dowagiac's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the City's financial statements.

**Financial Highlights**

- The City's total assets and deferred outflows of resources increased \$1,235,353
- Property Tax revenue increased \$8,796
- GASB 68 was implemented and the MERS pension Unfunded Accrued Liability (UAL) is now recorded on the financial statements
- MERS has been paid an additional \$60,000, (\$5,000 per month) above the annual required contribution for its defined benefit program in an effort to reduce the UAL
- State Revenue Fund Bond has been secured to assist with the construction of major improvements to the wastewater treatment plant
- Second year for Farmer's Market at the Dowagiac Area History Museum
- Completion of third floor renovations at the Dowagiac Area History Museum
- Eleven Wayfinding signs were installed around the City
- Completion of construction of ambulance building in the Dowagiac Industrial Park
- The City entered into a three year lease with Pride Care with option to renew
- We completed our second full year of acting as account managers of the Cassopolis Area Utilities Authority
- Completion of James E. Snow Professional Building, second story became operational
- Started design engineering & planning for the first floor of the James E. Snow Professional building
- The City has secured one lease on the ground floor with two additional expected to sign next fiscal year
- Firefighter personal protective equipment and washer was purchased in part by a USDA Grant
- Police department was able to purchase body cameras that will be partially funded by a grant from our insurance company
- Completion and dedication of Russom Park
- Completion of resurfacing numerous streets
- Completed of Main & Penn parking lot
- Started design engineering & planning on Riverside Drive extension
- Secured a grant to assist in the demolition of "Old Grey", a blighted industrial building adjacent to downtown
- Purchased properties and initiated the planning efforts for improvements to downtown parking and Division Street Corridor improvements
- Worked cooperatively with the Dowagiac Union School District to plan, design, and build the extension of Riverside Drive from the Middle School to Matthews Drive

**Overview of the Financial Statements**

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. The basic financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (interperiod or intergovernmental) and enhance the City's

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

---

accountability. This report also contains supplemental information in addition to the basic financial statements which further explains and supports the information presented in these statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. The Statement of Net Position and the Statement of Activities are designed to be corporate-like in that all the governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. These statements should help the reader to answer the question: Is the City, as a whole, better or worse off as a result of this year's activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

The focus of the *Statement of Net Position* is designed to be similar to the bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the City's assets and liabilities, with the difference between the two reported as "net position." Over time, increases and decreases in net position may indicate whether the City's financial position is improving or deteriorating. However, in order to assess the overall health of the City, non-financial factors such as the City's property tax base and condition of the City's infrastructure may also need to be considered.

The *Statement of Activities* is focused on both the gross and net cost of the various activities (governmental, business-type, and component units) which are supported by the City's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities and/or component units. This statement shows how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying events occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

1. *Governmental Activities*: Most of the City's basic services (i.e., police, fire, streets, parks, etc.) are reported under this category. Taxes and intergovernmental revenues generally fund these services. The City's governmental activities include general government, public safety, highways and streets, transportation, sanitation and sewers, culture and recreation, conservation, and community development.
2. *Business-type Activities*: The City charges fees to customers to help cover all or most of the cost of certain services it provides. The City operates two business-type activities that reflect private sector type operations: The Dowagiac Utilities Department (Electric, Water, and Sewer services) and DART.
3. *Discretely Presented Component Units*: Component units are legally separate organizations over which the City (the City Council acting as a group) can exercise influence and/or for which the City is financially accountable. The Downtown Development Authority and Local Development Finance Authority are component units for which the City provides financial reports.

**Using this Annual Report**

This annual report consists of a series of financial statements. The full accrual statements include the statement of net position and the statement of activities, which provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**The City as a Whole**

The following table shows, in a condensed format, the net position as of the current date compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 5,663,306	\$ 5,711,812	\$ 4,393,060	\$ 4,555,296	\$ 10,056,366	\$ 10,267,108
Restricted investments	-	-	478,234	484,147	478,234	484,147
Notes receivable	82,063	82,063	62,150	68,812	144,213	150,875
Capital assets not being depreciated	3,524,585	4,231,857	367,964	173,559	3,892,549	4,405,416
Capital assets, net of depreciation	7,620,538	6,290,268	7,476,759	7,761,822	15,097,297	14,052,090
Total assets	<u>16,890,492</u>	<u>16,316,000</u>	<u>12,778,167</u>	<u>13,043,636</u>	<u>29,668,659</u>	<u>29,359,636</u>
<b>Deferred outflows of resources</b>						
Deferred amount of pension expense related to net pension liability	562,375	-	363,955	-	926,330	-
Total assets and deferred outflows of resources	<u>17,452,867</u>	<u>16,316,000</u>	<u>13,142,122</u>	<u>13,043,636</u>	<u>30,594,989</u>	<u>29,359,636</u>
<b>Liabilities</b>						
Current and other liabilities	\$ 2,212,745	\$ 1,826,325	\$ 1,073,859	\$ 1,121,238	\$ 3,286,604	\$ 2,947,563
Long-term liabilities	7,285,955	1,868,882	4,895,182	1,203,828	12,181,137	3,072,710
Total liabilities	<u>9,498,700</u>	<u>3,695,207</u>	<u>5,969,041</u>	<u>2,325,066</u>	<u>15,467,741</u>	<u>6,020,273</u>
<b>Net position</b>						
Net investment in capital assets	9,971,932	9,137,972	7,095,401	7,086,006	17,067,333	16,223,978
Restricted	1,110,052	1,122,186	478,234	484,147	1,588,286	1,606,333
Unrestricted	(3,127,817)	2,360,635	(400,554)	3,148,417	(3,528,371)	5,509,052
Total net position	<u>\$ 7,954,167</u>	<u>\$ 12,620,793</u>	<u>\$ 7,173,081</u>	<u>\$ 10,718,570</u>	<u>\$ 15,127,248</u>	<u>\$ 23,339,363</u>

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

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The portion of the City's net position reflects unrestricted net position which are available for future operation while a significant portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

As of September 30, 2015, the City's combined net position decreased 35 percent from a year ago, from \$23,339,363 to \$15,127,248. As we look at the governmental activities and the business-type activities, we can see that net position decreased for the governmental activities as well as the business-type activities. Implementation of GASB 68 is the reason for this significant decrease. This will be discussed further in the Statement of Activities section. An additional part of the City of Dowagiac's net position \$1,110,052 (10.5%) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of the governmental activities, the part of the net position that can be used to finance day-to-day operations, decreased from \$2,360,635 on September 30, 2014 to (\$3,127,817). This substantially large decrease in unrestricted fund balance is a direct result of implementation of GASB 68 and the requirement to record the pension unfunded liability on the face of the financial statements. Although this debt is not new, having to record it on the financial statements in this manner is, and it has created a financial burden on our statements. During the fiscal year the City began making additional payments to MERS monthly to reduce the unfunded liability. We expect this number to decrease in the future.

**City of Dowagiac  
Management's Discussion and Analysis  
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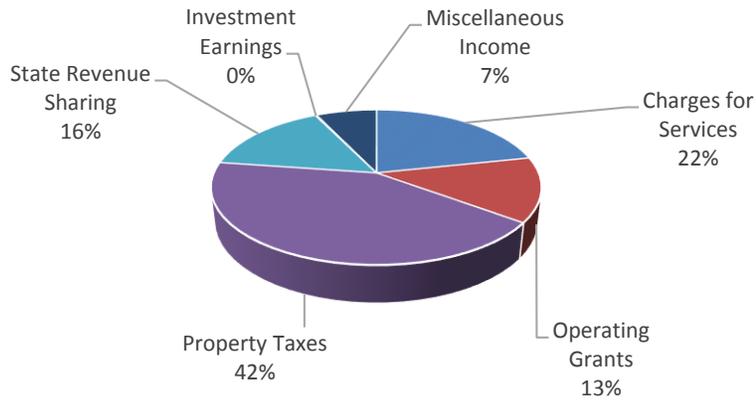
The following table shows the changes in net position during the current year compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 945,729	\$ 938,610	\$ 9,798,332	\$ 9,849,480	\$ 10,744,061	\$ 10,788,090
Operating grants	587,744	805,477	167,499	112,472	755,243	917,949
Property taxes	1,840,205	1,831,409	46,016	46,071	1,886,221	1,877,480
State revenue sharing	676,382	669,289	-	-	676,382	669,289
Investment earnings	7,388	19,159	120,562	153,011	127,950	172,170
Miscellaneous income	308,450	212,403	63,101	64,288	371,551	276,691
Total revenues	<u>4,365,898</u>	<u>4,476,347</u>	<u>10,195,510</u>	<u>10,225,322</u>	<u>14,561,408</u>	<u>14,701,669</u>
<b>Program Expenses</b>						
General government	843,218	585,477	-	-	843,218	585,477
Public safety	2,199,882	2,008,183	-	-	2,199,882	2,008,183
Public works	1,182,467	1,219,737	-	-	1,182,467	1,219,737
Community and economic development	244,634	308,269	-	-	244,634	308,269
Recreation and culture	172,509	104,350	-	-	172,509	104,350
Interest on long-term debt	61,522	53,017	-	-	61,522	53,017
Electric	-	-	7,370,909	6,665,989	7,370,909	6,665,989
Sewer	-	-	1,592,856	1,514,653	1,592,856	1,514,653
Water	-	-	943,901	781,845	943,901	781,845
D.A.R.T.	-	-	192,809	193,585	192,809	193,585
Total program expenses	<u>4,704,232</u>	<u>4,279,033</u>	<u>10,100,475</u>	<u>9,156,072</u>	<u>14,804,707</u>	<u>13,435,105</u>
Change in net position before other items	<u>(338,334)</u>	<u>197,314</u>	<u>95,035</u>	<u>1,069,250</u>	<u>(243,299)</u>	<u>1,266,564</u>
<b>Other items</b>						
Transfers	509,571	899,801	(509,571)	(899,715)	-	86
Change in net position	<u>171,237</u>	<u>1,097,115</u>	<u>(414,536)</u>	<u>169,535</u>	<u>(243,299)</u>	<u>1,266,650</u>
Net position, beginning of year, as restated	7,782,918	10,423,984	7,587,617	10,706,998	15,370,535	19,330,954
Net assets, ending	<u>\$ 7,954,155</u>	<u>\$ 11,521,099</u>	<u>\$ 7,173,081</u>	<u>\$ 10,876,533</u>	<u>\$ 15,127,236</u>	<u>\$ 20,597,604</u>

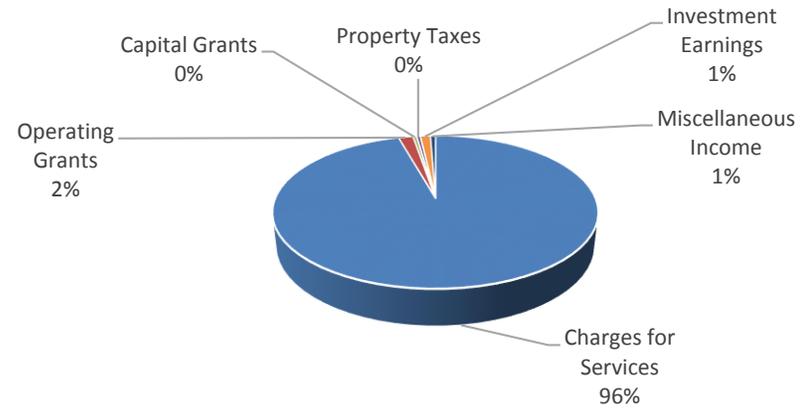
**City of Dowagiac  
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September 30, 2015**

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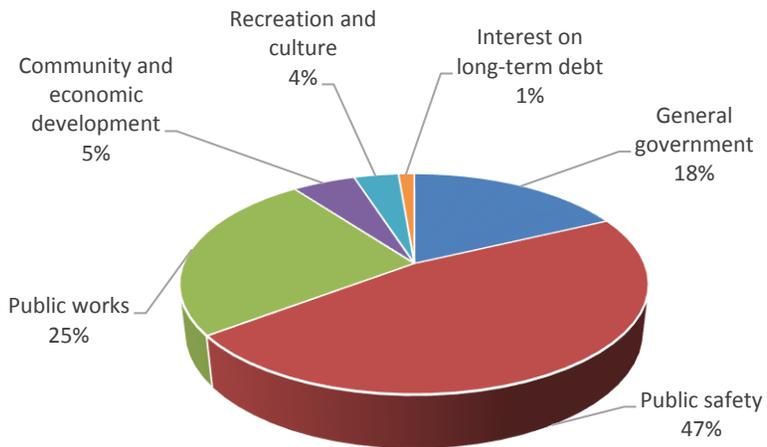
**Governmental Revenue by Source**



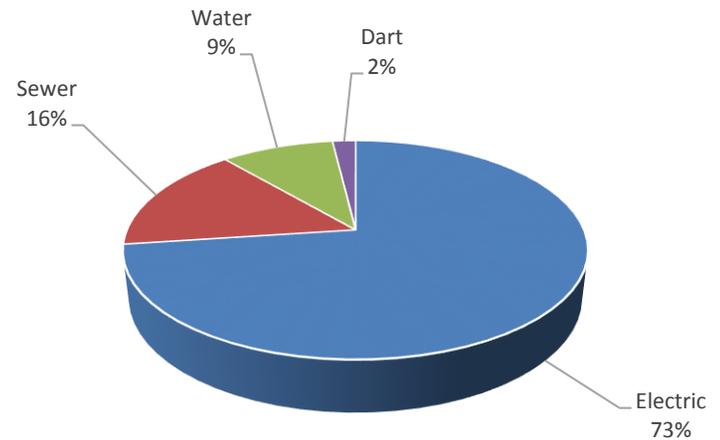
**Business-Type Revenue by Source**



**Expenditures - Governmental Activities**



**Expenditures - Business-Type**



**City of Dowagiac**  
**Management's Discussion and Analysis**  
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**The City's Funds**

Our analysis of the City's major fund begins on page 4-4, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City administration creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages.

The City's General Fund is the major source of government activities each year. The most significant General Fund expenditures are for public safety operations, with expenses of \$2,017,492 in the governmental activities General Fund in fiscal year 2015. This is equal to nearly 46.6 % of all General Fund operational expenses.

**General Fund Budgetary Highlights**

The City has been proactive in reducing operational expenditures with staffing level reductions and other cost control measures in order to better navigate through uncertain State Revenue Sharing and reductions in property tax bases that the future may bring. Administration will continue to closely monitor to assure that operational expenditures do not exceed revenues. Additionally, the City has been working diligently to promote economic development activities and has completed redevelopment of old industrial facilities as well as increased commercial activities downtown and in commercial districts. One other main focus of the City has been to obtain and demolish blighted properties. There was a decrease in fund balance during the 14-15 FY. Operating revenue and expenditures were consistent, however other financing sources were significantly less in 14-15 in comparison to the prior year.

**Solid Waste Budgetary Highlights**

The Michigan Department of Natural Resources and Environment (MDNRE) have asserted a claim with respect to property owned by the City formerly used as a landfill. The landfill was closed in 1992 pursuant to an MDNRE approved Landfill Closure Plan that was prepared by the City. The City of Dowagiac is cooperating to take over the monitoring activities from the MDEQ. A tax increase was implemented to address the increased costs that will be present for the foreseeable future.

**Proprietary Fund Highlights**

The 2008-2009 financial statements reflected interfund loans to the Electric Fund for early buyout of a wholesale electric supply contract. The Electric Fund has fulfilled its repayment obligations and the loan was paid in full during the 2014-2015 FY.

The D.A.R.T Fund continues to experience an operational deficit. Additional funding and/or operational reductions must be made for this fund to break even. Beginning in January of 2015 the City of Dowagiac entered into a transit operating agreement with the Cass County Transportation Authority. The Authority now provides the day-to-day operations. Public transit users are not affected by this change. We received a combination Federal and State grant to be used towards the purchase of a new bus. The grants paid for all but \$3,183 of the bus.

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

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**Fiduciary Fund Highlights**

The City has a trust agreement with the Michigan Municipal Employees Retirement System (MERS) for the investment of surplus funds on our Retiree Health Insurance Fund. To date, it has transferred \$200,000 to the MERS trust so that it can be invested by MERS. This principal amount has grown to \$345,778 in slightly less than ten years. This trust was established in connection with the City's decision to start advance funding its obligation for postemployment health insurance benefits (OPEB) for its current and future retired employees. In order to reduce further financial burden of the City the employee manual has been updated. Non-Union employees hired after September 30, 2015 are no longer eligible for retiree medical benefits. In lieu of these benefits the City will contribute \$38 per month into a health care savings program on behalf of the employee.

**Capital Assets and Debt Administration**

At the end of fiscal year 2015, the City has \$18,989,846 invested, after depreciation, in a wide range of capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Land	\$ 3,438,040	\$ 58,960	\$ -	\$ 3,497,000
Construction in Progress	793,817	27,585	793,817	27,585
Infrastructure	1,491,131	106,279	-	1,597,410
Land Improvements	1,853,805	68,683	-	1,922,488
Building and Improvements	3,217,382	1,198,114	-	4,415,496
Machinery & Equipment	1,555,804	285,552	169,323	1,672,033
Vehicles	2,386,887	76,330	47,744	2,415,473
Furniture and Equipment	161,245	-	-	161,245
Less: Accumulated depreciation	(4,375,986)	(397,701)	(210,080)	(4,563,607)
Governmental activities capital assets, net	<u>\$ 10,522,125</u>	<u>\$ 1,423,802</u>	<u>\$ 800,804</u>	<u>\$ 11,145,123</u>
	Ending Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Land	\$ 92,451	\$ -	\$ -	\$ 92,451
Construction in Progress	81,108	194,405	-	275,513
Buildings and Improvements	5,939,489	-	-	5,939,489
Utility System	12,487,479	84,593	-	12,572,072
Machinery & Equipment	117,740	-	-	117,740
Vehicles	171,735	63,183	51,087	183,831
Less: Accumulated depreciation	(10,954,622)	(432,838)	(51,087)	(11,336,373)
Business-type capital assets, net	<u>\$ 7,935,380</u>	<u>\$ (90,657)</u>	<u>\$ -</u>	<u>\$ 7,844,723</u>

**City of Dowagiac  
Management's Discussion and Analysis  
September 30, 2015**

Debt of \$1,726,356 is reported as a liability in the governmental activities in the statement of net position and \$1,297,147 of debt related to the sewer and water systems is recorded as a liability in the business-type activities in the statement of net position. The City made scheduled payments on the outstanding debt throughout the year, an even with the issuance of new debt, there was an overall decrease in the City's total long-term debt of \$82,787 during the current fiscal year. In addition, two other issuances of debts have been paid in full.

A summary of all long term debt, including the component units is shown in the chart below:

	Balance September 30, 2015	Balance September 30, 2014	Amount due In one year
1997 GOLTB -Building Authority Bond	\$ 255,000	\$ 370,000	\$ 125,000
2000 Installment Purchase-Land	-	27,125	-
2001 Promissory Note-Land Contract	628,857	651,644	24,678
2001 Michigan Strategic Grant/Loan	-	25,384	-
2014 PNC Commercial Loan	289,334	310,000	20,666
Compensated absences	331,021	299,058	-
Other postemployment benefits	222,144	185,671	-
<b>Total Governmental Activities</b>	<b>\$ 1,726,356</b>	<b>\$ 1,868,882</b>	
2010 Water Supply & Sewage Disposal	\$ 705,000	\$ 800,000	\$ 105,000
2010 Unamortized Bond Premium	44,322	49,375	5,058
Nubour Street Debt	161,606	-	4,144
Compensated absences	222,989	228,370	-
Other postemployment benefits	163,230	126,083	-
<b>Total Business-Type Activities</b>	<b>\$ 1,297,147</b>	<b>\$ 1,203,828</b>	
2007 Brownfield Development Authority	\$ 595,000	\$ 630,000	\$ 35,000
Compensated absences	2,637	1,217	-
<b>Total Component Units</b>	<b>\$ 597,637</b>	<b>\$ 631,217</b>	

**Economic Factors and Next Year's Budgets and Rates**

The current economic condition of the City of Dowagiac is stable. The City realizes that local growth has to be moderated due to the influence of regional and national economic trends. The City works diligently to reduce operational costs to match the revenue streams. The City's economic outlook is positive for the future; the City plans to maintain all ongoing programs for 2016. Electric, Sewer, and Water rates are expected to increase in 2016 due to increasing expenditures in these funds.

**City of Dowagiac**  
**Management's Discussion and Analysis**  
**September 30, 2015**

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The City is thoroughly developing a list of priorities and is scheduling capital and infrastructure projects accordingly. In addition the City continues to seek alternative funding sources and apply for available grants to aid in all types of projects. Mayor and City Council are constantly reviewing project plans for areas where the City can be more efficient and save money while enhancing the ambiance of Dowagiac and making it a more enjoyable place to visit, live, and work.

In December of FY 2015/2016 the City was awarded a \$2 million Stormwater/Asset Management/Wastewater (SAW) grant by the State of Michigan to begin the initial planning phases of a comprehensive asset management plan. Phase I of this plan will identify and prioritize long-term improvements to city infrastructure, including sanitary sewer, storm sewer, water and streets. The City recognizes that this long-term planning is the foundation to the development of a financial strategy that will ensure continuation of quality services while maintaining a strong fiscal position.

In FY 2014/2015 the City was awarded a \$250,000 Blight Elimination grant from the Michigan Land Bank Fast Track Authority. This grant will aid in the demolition of 200 E. Division Street. This remaining cost of demolition will be paid by the City. This demolition and clean-up is expected to be complete during the 2015/2016 FY.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Manager, 241 S. Front Street, Dowagiac, Michigan, 49047.

**City of Dowagiac**  
**Statement of Net Position**  
**September 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,273,690	\$ 1,010,284	\$ 4,283,974	\$ 62,638
Investments	1,101,450	1,401,988	2,503,438	-
Receivables				
Taxes	245,164	-	245,164	-
Customers	396,913	1,524,635	1,921,548	-
Accrued interest and other	7,413	5,379	12,792	-
Due from other units of government	332,774	-	332,774	-
Due from primary government	-	-	-	49,602
Internal balances	(114,385)	114,385	-	-
Inventories	64,231	191,756	255,987	-
Prepaid items	356,044	64,788	420,832	447
Advance to component unit	-	79,845	79,845	-
Land held for sale	-	-	-	428,556
Restricted assets				
Investments	-	478,234	478,234	-
Notes receivable	82,063	62,150	144,213	-
Capital assets not being depreciated	3,524,585	367,964	3,892,549	-
Capital assets, net of accumulated depreciation	7,620,538	7,476,759	15,097,297	-
<b>Total assets</b>	<b>16,890,480</b>	<b>12,778,167</b>	<b>29,668,647</b>	<b>541,243</b>
<b>Deferred outflows of resources</b>				
Deferred amount of pension expense related to net pension liability	562,375	363,955	926,330	-
<b>Total assets and deferred outflows of resources</b>	<b>17,452,855</b>	<b>13,142,122</b>	<b>30,594,977</b>	<b>541,243</b>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Statement of Net Position**  
**September 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 504,078	\$ 693,917	\$ 1,197,995	\$ 4,109
Accrued and other liabilities	143,029	92,727	235,756	10,770
Deposits payable	452	221,588	222,040	-
Advance from primary government	-	-	-	79,845
Due to component unit	49,602	-	49,602	-
Unearned revenue	1,515,584	65,627	1,581,211	49,602
Noncurrent liabilities				
Net pension liability	5,559,599	3,598,035	9,157,634	-
Other postemployment benefits	222,144	163,230	385,374	-
Debt due within one year	170,344	114,202	284,546	35,000
Debt due in more than one year	1,333,868	1,019,715	2,353,583	562,637
<b>Total liabilities</b>	<u>9,498,700</u>	<u>5,969,041</u>	<u>15,467,741</u>	<u>741,963</u>
<b>Net Position</b>				
Net investment in capital assets	9,971,932	7,095,401	17,067,333	-
Restricted for				
Roads	127,439	-	127,439	-
Public works	29	-	29	-
Community and economic development	26,583	-	26,583	-
Public safety	11,139	-	11,139	-
Permanent funds	944,862	-	944,862	-
Debt service	-	135,875	135,875	-
Replacement of capital assets	-	342,359	342,359	-
Unrestricted (deficit)	<u>(3,127,829)</u>	<u>(400,554)</u>	<u>(3,528,383)</u>	<u>(200,720)</u>
<b>Total net position</b>	<u>\$ 7,954,155</u>	<u>7,173,081</u>	<u>15,127,236</u>	<u>\$ (200,720)</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Functions/Programs</b>								
<b>Primary government</b>								
Governmental activities								
General government	\$ 843,218	\$ 258,434	\$ -	\$ -	\$ (584,784)	\$ -	\$ (584,784)	\$ -
Public safety	2,199,882	536,373	2,931	-	(1,660,578)	-	(1,660,578)	-
Public works	1,182,467	68,064	550,476	-	(563,927)	-	(563,927)	-
Community and economic development	244,634	1,465	34,337	-	(208,832)	-	(208,832)	-
Recreation and culture	172,509	81,393	-	-	(91,116)	-	(91,116)	-
Interest on long-term debt	61,522	-	-	-	(61,522)	-	(61,522)	-
Total governmental activities	<u>4,704,232</u>	<u>945,729</u>	<u>587,744</u>	<u>-</u>	<u>(3,170,759)</u>	<u>-</u>	<u>(3,170,759)</u>	<u>-</u>
Business-type activities								
Electric	7,370,909	7,599,028	-	-	-	228,119	228,119	-
Sewer	1,592,856	1,335,388	-	-	-	(257,468)	(257,468)	-
Water	943,901	835,858	-	-	-	(108,043)	(108,043)	-
D.A.R.T. Transportation	192,809	28,058	167,499	-	-	2,748	2,748	-
Total business-type activities	<u>10,100,475</u>	<u>9,798,332</u>	<u>167,499</u>	<u>-</u>	<u>-</u>	<u>(134,644)</u>	<u>(134,644)</u>	<u>-</u>
Total primary government	<u>\$ 14,804,707</u>	<u>\$ 10,744,061</u>	<u>\$ 755,243</u>	<u>\$ -</u>	<u>(3,170,759)</u>	<u>(134,644)</u>	<u>(3,305,403)</u>	<u>-</u>
<b>Component unit</b>								
Local Development Authority	\$ 58,195	\$ -	\$ -	\$ 35,000				(23,195)
Downtown Development Authority	87,891	4,847	33,000	-				(50,044)
Total component units	<u>\$ 146,086</u>	<u>\$ 4,847</u>	<u>\$ 33,000</u>	<u>\$ 35,000</u>				<u>(73,239)</u>
General revenues								
Property taxes					1,840,205	46,016	1,886,221	105,340
State shared revenue					676,382	-	676,382	-
Unrestricted investment earnings					7,388	120,562	127,950	-
Miscellaneous					308,450	63,101	371,551	24,116
Transfers					509,571	(509,571)	-	-
Total general revenues					<u>3,341,996</u>	<u>(279,892)</u>	<u>3,062,104</u>	<u>129,456</u>
Change in net position					171,237	(414,536)	(243,299)	56,217
Net position - beginning of year, as restated					<u>7,782,918</u>	<u>7,587,617</u>	<u>15,370,535</u>	<u>(256,937)</u>
Net position - end of year					<u>\$ 7,954,155</u>	<u>\$ 7,173,081</u>	<u>\$ 15,127,236</u>	<u>\$ (200,720)</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac  
Governmental Funds  
Balance Sheet  
September 30, 2015**

	<u>General</u>	<u>Permanent Fund Cemetery Perpetual Care Fund</u>	<u>Special Revenue and Debt Service Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,628,121	\$ 949,808	\$ 218,365	\$ 2,796,294
Investments	-	-	39,965	39,965
Receivables				
Taxes	245,164	-	-	245,164
Customers	212,614	-	172,848	385,462
Accrued interest and other	-	-	406	406
Due from other units of government	213,275	-	96,507	309,782
Inventories	64,231	-	-	64,231
Prepaid items	145,325	-	11,705	157,030
Notes receivable	-	-	82,063	82,063
Total assets	<u>\$ 2,508,730</u>	<u>\$ 949,808</u>	<u>\$ 621,859</u>	<u>\$ 4,080,397</u>

**City of Dowagiac  
Governmental Funds  
Balance Sheet  
September 30, 2015**

	General	Permanent Fund Cemetery Perpetual Care Fund	Special Revenue and Debt Service Nonmajor Governmental Funds	Total Governmental Funds
<b>Liabilities</b>				
Accounts payable	\$ 187,203	\$ 7,065	\$ 293,467	\$ 487,735
Accrued and other liabilities	101,514	-	15,403	116,917
Deposits payable	102	-	350	452
Due to component unit	49,602	-	-	49,602
Unearned revenue	1,497,364	-	18,220	1,515,584
Total liabilities	<u>1,835,785</u>	<u>7,065</u>	<u>327,440</u>	<u>2,170,290</u>
<b>Deferred inflows of resources</b>				
Grants	<u>43,864</u>	-	-	<u>43,864</u>
<b>Fund Balances</b>				
Non-spendable				
Inventories	64,231	-	-	64,231
Prepaid items	145,325	-	11,705	157,030
Restricted for				
Roads	-	-	119,327	119,327
Community and economic development	-	-	26,583	26,583
Public safety	-	-	11,139	11,139
Cemetery perpetual care	-	942,743	-	942,743
Public arts	-	-	2,090	2,090
Assigned	-	-	123,546	123,546
Unassigned	419,525	-	-	419,525
Total fund balances	<u>629,081</u>	<u>942,743</u>	<u>294,419</u>	<u>1,866,243</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,508,730</u>	<u>\$ 949,808</u>	<u>\$ 621,859</u>	<u>\$ 4,080,397</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**September 30, 2015**

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<b>Total fund balances for governmental funds</b>	<b>\$ 1,866,243</b>
Total net position for governmental activities in the statement of net position is different because	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	6,309,454
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	3,524,585
Certain receivables are not available to pay for current period expenditures and, therefore are unearned in the funds.	43,864
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(21,057)
Compensated absences	(314,691)
Net other postemployment obligation	(202,739)
Deferred outflows (inflows of resources).	
Deferred outflow of resources resulting from net pension liability	534,307
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(1,173,191)
Net pension liability	(5,282,123)
Internal service funds are included as part of governmental activities.	<u>2,669,503</u>
<b>Net position of governmental activities</b>	<b><u>\$ 7,954,155</u></b>

**City of Dowagiac**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2015**

	General	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Cemetery Perpetual Care Fund		
<b>Revenues</b>				
Taxes	\$ 1,681,852	\$ -	\$ 165,481	\$ 1,847,333
Licenses and permits	112,700	-	-	112,700
Federal grants	67,450	-	5,467	72,917
State revenue sharing	676,382	-	-	676,382
Other state grants	4,706	-	475,784	480,490
Local contributions	319,338	-	36,583	355,921
Charges for services	436,147	9,610	-	445,757
Fines and forfeitures	34,947	-	-	34,947
Interest income	1,894	2,889	2,605	7,388
Rental income	66,104	-	52,000	118,104
Other revenue	139,558	10	40,054	179,622
Total revenues	<u>3,541,078</u>	<u>12,509</u>	<u>777,974</u>	<u>4,331,561</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2015**

	<u>General</u>	<u>Permanent Fund Cemetery Perpetual Care Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>				
Current				
General government	\$ 603,590	\$ 35,535	\$ 65,212	\$ 704,337
Public safety	2,017,492	-	7,111	2,024,603
Public works	283,465	-	792,259	1,075,724
Community and economic development	44,529	-	13,503	58,032
Recreation and culture	116,894	-	-	116,894
Other functions	50,895	-	-	50,895
Capital outlay	996,651	-	69,815	1,066,466
Debt service				
Principal retirement	161,575	-	26,454	188,029
Interest and fiscal charges	51,608	-	-	51,608
Total expenditures	<u>4,326,699</u>	<u>35,535</u>	<u>974,354</u>	<u>5,336,588</u>
Deficiency of revenues over expenditures	<u>(785,621)</u>	<u>(23,026)</u>	<u>(196,380)</u>	<u>(1,005,027)</u>
<b>Other financing sources (uses)</b>				
Transfers in	559,480	-	257,939	817,419
Transfers out	<u>(199,773)</u>	-	<u>(121,431)</u>	<u>(321,204)</u>
Total other financing sources (uses)	<u>359,707</u>	-	<u>136,508</u>	<u>496,215</u>
Net change in fund balance	(425,914)	(23,026)	(59,872)	(508,812)
Fund balance - beginning of year	<u>1,054,995</u>	<u>965,769</u>	<u>354,291</u>	<u>2,375,055</u>
Fund balance - end of year	<u>\$ 629,081</u>	<u>\$ 942,743</u>	<u>\$ 294,419</u>	<u>\$ 1,866,243</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2015**

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**Net change in fund balances - Total governmental funds** \$ (508,812)

Total change in net position reported for governmental activities in the statement of activities is different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(236,337)
Capital outlay	711,184

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Grants	34,337
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Expenses are recorded when incurred in the statement of activities

Accrued interest	(9,914)
Compensated absences	(28,733)
Other postemployment benefits	(35,848)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	(216,076)
Net change in the deferred outflow of resources related to the net pension liability	64,680

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments of long-term debt	210,962
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Internal service funds are also included as governmental activities	185,794
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<b>Change in net position of governmental activities</b>	<b>\$ 171,237</b>
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**City of Dowagiac  
Proprietary Funds  
Statement of Net Position  
September 30, 2015**

	Enterprise Funds					Governmental Activities
	Electric	Sewer	Water	Nonmajor Enterprise Fund D.A.R.T.	Total	Internal Service Funds
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 82,338	\$ 418,140	\$ 335,807	\$ 173,999	\$ 1,010,284	\$ 477,396
Investments	252,757	462,033	587,072	100,126	1,401,988	1,061,485
Receivables						
Customers	1,200,640	200,836	123,159	-	1,524,635	11,451
Accrued interest and other	1,677	2,310	1,257	135	5,379	7,007
Due from other units of government	-	-	-	-	-	22,992
Inventories	104,691	12,770	74,295	-	191,756	-
Prepaid items	24,572	24,481	13,561	2,174	64,788	199,014
Advance to component unit	-	79,845	-	-	79,845	-
Total current assets	<u>1,666,675</u>	<u>1,200,415</u>	<u>1,135,151</u>	<u>276,434</u>	<u>4,278,675</u>	<u>1,779,345</u>
Noncurrent assets						
Restricted assets						
Investments	342,359	135,875	-	-	478,234	-
Notes receivable	62,150	-	-	-	62,150	-
Capital assets not being depreciated	16,775	349,223	1,966	-	367,964	-
Capital assets, net of accumulated depreciation	<u>2,051,596</u>	<u>3,489,686</u>	<u>1,871,094</u>	<u>64,383</u>	<u>7,476,759</u>	<u>1,311,084</u>
Total noncurrent assets	<u>2,472,880</u>	<u>3,974,784</u>	<u>1,873,060</u>	<u>64,383</u>	<u>8,385,107</u>	<u>1,311,084</u>
Total assets	<u>4,139,555</u>	<u>5,175,199</u>	<u>3,008,211</u>	<u>340,817</u>	<u>12,663,782</u>	<u>3,090,429</u>
<b>Deferred outflows of resources</b>						
Deferred amount of pension expense related to net pension liability	<u>120,330</u>	<u>137,098</u>	<u>71,327</u>	<u>35,200</u>	<u>363,955</u>	<u>28,068</u>
Total assets and deferred outflows of resources	<u>4,259,885</u>	<u>5,312,297</u>	<u>3,079,538</u>	<u>376,017</u>	<u>13,027,737</u>	<u>3,118,497</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac  
Proprietary Funds  
Statement of Net Position  
September 30, 2015**

	Enterprise Funds					Governmental Activities
	Electric	Sewer	Water	Nonmajor Enterprise Fund D.A.R.T.	Total	Internal Service Funds
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 562,386	\$ 68,143	\$ 47,823	\$ 15,565	\$ 693,917	\$ 16,343
Accrued and other liabilities	30,415	36,148	25,214	950	92,727	5,055
Deposits payable	162,158	-	59,430	-	221,588	-
Unearned revenue	-	-	65,627	-	65,627	-
Current portion of noncurrent liabilities	-	73,361	40,841	-	114,202	-
Total current liabilities	<u>754,959</u>	<u>177,652</u>	<u>238,935</u>	<u>16,515</u>	<u>1,188,061</u>	<u>21,398</u>
Noncurrent liabilities						
Accrued compensated absences	104,834	63,035	48,902	6,218	222,989	16,330
Net pension liability	1,189,577	1,355,330	705,138	347,990	3,598,035	277,476
Other postemployment benefits	84,536	47,075	26,713	4,906	163,230	19,405
Long-term debt net of current portion	-	426,132	370,594	-	796,726	-
Total noncurrent liabilities	<u>1,378,947</u>	<u>1,891,572</u>	<u>1,151,347</u>	<u>359,114</u>	<u>4,780,980</u>	<u>313,211</u>
Total liabilities	<u>2,133,906</u>	<u>2,069,224</u>	<u>1,390,282</u>	<u>375,629</u>	<u>5,969,041</u>	<u>334,609</u>
<b>Net Position</b>						
Net investment in capital assets	2,068,371	3,339,416	1,623,231	64,383	7,095,401	1,311,084
Restricted for						
Debt service	-	135,875	-	-	135,875	-
Replacement of capital assets	342,359	-	-	-	342,359	-
Unrestricted (deficit)	(284,751)	(232,218)	66,025	(63,995)	(514,939)	1,472,804
Total net position	<u>\$ 2,125,979</u>	<u>\$ 3,243,073</u>	<u>\$ 1,689,256</u>	<u>\$ 388</u>	<u>7,058,696</u>	<u>\$ 2,783,888</u>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities					<u>114,385</u>	
Net position of business-type activities					<u>\$ 7,173,081</u>	

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2015**

	Enterprise Funds					Governmental
	Electric	Sewer	Water	Nonmajor	Total	Activities
				Enterprise Fund D.A.R.T.		Internal Service Funds
<b>Operating revenue</b>						
Charges for service	\$ 7,536,148	\$ 1,321,875	\$ 820,351	\$ 28,058	\$ 9,706,432	\$ 203,320
Penalties	62,880	13,513	12,290	-	88,683	-
Licenses and permits	-	-	3,217	-	3,217	-
Equipment rental	-	-	-	-	-	508,051
Other revenue	43,692	4,772	14,278	359	63,101	48,451
Total operating revenue	<u>7,642,720</u>	<u>1,340,160</u>	<u>850,136</u>	<u>28,417</u>	<u>9,861,433</u>	<u>759,822</u>
<b>Operating expenses</b>						
Personnel services	736,495	693,778	415,583	171,522	2,017,378	143,872
Supplies	27,214	78,814	54,330	14,793	175,151	58,751
Property tax equivalents	474,000	-	-	-	474,000	-
Contractual services	223,042	204,984	72,095	7,906	508,027	55,680
Purchase of power	5,326,623	-	-	-	5,326,623	-
Administrative expense	49,443	9,556	4,923	619	64,541	5,112
Telephone	3,282	2,788	4,098	2,631	12,799	2,148
Dues and membership fees	16,819	370	990	-	18,179	-
Education and training	3,453	2,925	2,423	1,657	10,458	-
Insurance	10,769	7,605	3,554	1,376	23,304	3,934
Utilities	73,618	239,504	72,109	-	385,231	3,130
Repairs and maintenance	69,275	55,958	40,502	10,113	175,848	82,080
Equipment rental	115,608	94,601	47,310	-	257,519	768
Building rent	-	-	-	600	600	-
Bad debt expense	10,536	2,008	1,005	-	13,549	-
Other services and supplies	45,673	894	167,080	2	213,649	7,789
Depreciation	177,437	167,831	78,904	8,666	432,838	161,364
Total operating expenses	<u>7,363,287</u>	<u>1,561,616</u>	<u>964,906</u>	<u>219,885</u>	<u>10,109,694</u>	<u>524,628</u>
Operating income (loss)	<u>279,433</u>	<u>(221,456)</u>	<u>(114,770)</u>	<u>(191,468)</u>	<u>(248,261)</u>	<u>235,194</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2015**

	Enterprise Funds					Governmental Activities
	Electric	Sewer	Water	Nonmajor	Total	Internal Service Funds
				Enterprise Fund D.A.R.T.		
<b>Nonoperating revenue (expenses)</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 46,016	\$ 46,016	\$ -
Federal grant	-	-	-	78,617	78,617	22,992
State grant	-	-	-	88,882	88,882	-
Investment income	70,907	33,601	12,215	3,839	120,562	28,637
Interest expense	(55,636)	(31,240)	(18,290)	-	(105,166)	-
Total nonoperating revenues (expenses)	<u>15,271</u>	<u>2,361</u>	<u>(6,075)</u>	<u>217,354</u>	<u>228,911</u>	<u>51,629</u>
Income (loss) before transfers	294,704	(219,095)	(120,845)	25,886	(19,350)	286,823
Transfers in	11,992	43,883	-	170,000	225,875	14,970
Transfers out	(694,758)	(39,539)	(771)	(378)	(735,446)	(1,614)
Change in net position	(388,062)	(214,751)	(121,616)	195,508	(528,921)	300,179
Net position - beginning of year, as restated	<u>2,514,041</u>	<u>3,457,824</u>	<u>1,810,872</u>	<u>(195,120)</u>	<u>7,587,617</u>	<u>2,483,709</u>
Net position - end of year	<u>\$ 2,125,979</u>	<u>\$ 3,243,073</u>	<u>\$ 1,689,256</u>	<u>\$ 388</u>	<u>\$ 7,058,696</u>	<u>\$ 2,783,888</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

Change in net position of business-type activities

114,385  
\$ (414,536)

**City of Dowagiac**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	Business-type Activities - Enterprise Funds					Internal Service Funds	
				Nonmajor			
	Electric	Sewer	Water	Enterprise Fund D.A.R.T.	Total		
<b>Cash flows from operating activities</b>							
Receipts from customers	\$ 7,577,764	\$ 1,397,921	\$ 719,870	\$ 34,572	\$ 9,730,127	\$ 184,207	
Receipts from other funds	-	-	-	-	-	537,015	
Payments to suppliers	(6,677,298)	(996,446)	(440,231)	(68,631)	(8,182,606)	(298,961)	
Payments to employees	(403,365)	(361,010)	(215,363)	(131,597)	(1,111,335)	(114,418)	
Net cash provided (used) by operating activities	<u>497,101</u>	<u>40,465</u>	<u>64,276</u>	<u>(165,656)</u>	<u>436,186</u>	<u>307,843</u>	
<b>Cash flows from noncapital financing activities</b>							
Transfer from other funds	11,992	43,883	-	170,000	225,875	14,970	
Transfers to other funds	(694,758)	(39,539)	(771)	(378)	(735,446)	(1,614)	
Property taxes	-	-	-	46,016	46,016	-	
Federal grants	-	-	-	78,617	78,617	22,992	
State grants	-	-	-	88,882	88,882	-	
Net cash provided (used) by noncapital financing activities	<u>(682,766)</u>	<u>4,344</u>	<u>(771)</u>	<u>383,137</u>	<u>(296,056)</u>	<u>36,348</u>	
<b>Cash flows from capital and related financing activities</b>							
Issuance of capital debt	-	-	-	-	-	-	
Advances from (to) other funds	(181,943)	21,460	-	-	(160,483)	-	
Purchases/construction of capital assets	(49,153)	(205,927)	(23,917)	(63,183)	(342,180)	(316,502)	
Principal and interest paid on long-term debt	(55,636)	(105,647)	(59,663)	-	(220,946)	-	
Proceeds from sale of capital assets	-	-	-	-	-	6,986	
Net cash used by capital and related financing activities	<u>(286,732)</u>	<u>(290,114)</u>	<u>(83,580)</u>	<u>(63,183)</u>	<u>(723,609)</u>	<u>(309,516)</u>	
<b>Cash flows from investing activities</b>							
Proceeds from sales and maturities of investments	476,830	-	-	7,495	484,325	-	
Purchases of investments	-	(15,658)	(232,050)	-	(247,708)	(377,022)	
Interest received	76,425	35,192	12,905	3,893	128,415	28,046	
Net cash provided (used) by investing activities	<u>553,255</u>	<u>19,534</u>	<u>(219,145)</u>	<u>11,388</u>	<u>365,032</u>	<u>(348,976)</u>	
Net change in cash and cash equivalents	80,858	(225,771)	(239,220)	165,686	(218,447)	(314,301)	
Cash and cash equivalents - beginning of year	1,480	643,911	575,027	8,313	1,228,731	791,697	
Cash and cash equivalents - end of year	<u>\$ 82,338</u>	<u>\$ 418,140</u>	<u>\$ 335,807</u>	<u>\$ 173,999</u>	<u>\$ 1,010,284</u>	<u>\$ 477,396</u>	

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	Business-type Activities - Enterprise Funds					
	Nonmajor					Internal Service Funds
	Electric	Sewer	Water	Enterprise Fund D.A.R.T.	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 279,433	\$ (221,456)	\$ (114,770)	\$ (191,468)	\$ (248,261)	\$ 235,194
Adjustments to reconcile operating income to net cash from operating activities						
Depreciation expense	177,437	167,831	78,904	8,666	432,838	161,364
Noncash changes in net pension liability	48,662	55,443	28,845	14,235	147,185	11,351
Noncash capital debt transaction	-	-	165,750	-	165,750	-
Changes in assets and liabilities						
Receivables (net)	(75,236)	57,761	4,917	677	(11,881)	(16,434)
Due from other units of government	-	-	-	5,478	5,478	(22,992)
Inventories	883	1,064	(57)	-	1,890	-
Prepaid items	(3,856)	(4,406)	(2,877)	2,414	(8,725)	(48,444)
Deferred outflows	(14,566)	(16,597)	(8,634)	(4,261)	(44,058)	(3,398)
Accounts payable	47,073	(27,104)	26,450	13,375	59,794	(14,249)
Accrued and other liabilities	4,528	16,227	11,686	(3,128)	29,313	1,596
Other postemployment benefits	19,280	10,507	7,203	157	37,147	625
Unearned revenue	-	-	(139,833)	-	(139,833)	-
Customer deposits payable	10,280	-	4,650	-	14,930	-
Compensated absences	3,183	1,195	2,042	(11,801)	(5,381)	3,230
Net cash provided (used) by operating activities	<u>\$ 497,101</u>	<u>\$ 40,465</u>	<u>\$ 64,276</u>	<u>\$ (165,656)</u>	<u>\$ 436,186</u>	<u>\$ 307,843</u>

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**September 30, 2015**

	<u>Retiree Health Insurance</u>		<u>Total Retiree</u>	<u>Agency</u>
	<u>Fiduciary</u>	<u>OPEB Trust</u>	<u>Health Insurance</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 183,724	\$ -	\$ 183,724	\$ 177,891
Investments	-	345,778	345,778	-
Prepaid expenses	4,387	-	4,387	-
	<u>188,111</u>	<u>345,778</u>	<u>533,889</u>	<u>\$ 177,891</u>
<b>Liabilities</b>				
Undistributed tax collections	-	-	-	\$ 177,891
Unearned revenue	1,588	-	1,588	-
	<u>1,588</u>	<u>-</u>	<u>1,588</u>	<u>\$ 177,891</u>
<b>Net Position</b>				
Held in trust for retiree health insurance	<u>\$ 186,523</u>	<u>\$ 345,778</u>	<u>\$ 532,301</u>	

See Accompanying Notes to the Financial Statements

**City of Dowagiac**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2015**

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	Retiree Health Insurance Fund
<b>Additions</b>	
Employee contributions	\$ 43,688
<b>Investment earnings</b>	
Investment income (loss)	(4,497)
<b>Deductions</b>	
Benefits	40,532
Change in net position	(1,341)
Net position - beginning of year	533,642
Net position - end of year	\$ 532,301

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

City of Dowagiac (the "City") is governed by a City Manager and City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements includes the financial data of the following:

Downtown Development Authority – The Downtown Development Authority (DDA) is a separate legal entity. The budgets and expenditures of the DDA are approved by the City Council. The City has the ability to significantly influence operations of the Downtown Development Authority.

Local Development Finance Authority – The Local Development Finance Authority (LDFA) is a separate legal entity. The budgets and expenditures of the LDFA are approved by the City Council. The City has the ability to significantly influence operations of the Local Development Finance Authority.

Blended Component Units – transactions of the Dowagiac Municipal Building Authority are included in the funds of the primary government. The purpose of the Building Authority was to finance the construction of the new City Hall in 1997. The Dowagiac Housing Commission is not a component unit of the City.

Jointly Governed Organizations – The City participates in the following activity which is considered to be a jointly governed organization in relation to the City, due to there being no ongoing financial interest or responsibility:

The Cass-Van Buren Emergency Services Authority – The City of Dowagiac, Townships of Keeler, LaGrange, Pokagon, Silver Creek, Volinia and Wayne, and the Pokagon Band of Potawatami Indians jointly established the Cass-Van Buren Emergency Services Authority. Each member appoints a representative to serve on the administrative board of the Authority.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**City of Dowagiac**  
**Notes to the Financial Statements**  
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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be

susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

*The General Fund* – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Cemetery Perpetual Care Fund* – The Cemetery Perpetual Care Fund is a Permanent Fund used to account for the maintenance and improvements of the cemetery.

The government reports the following major proprietary funds:

*The Electric Fund* – The Electric Fund is used to account for the operations required to provide electric services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

*The Sewer Fund* – The Sewer Fund is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

*The Water Fund* – The Water Fund is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

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Additionally, the government reports the following:

Internal Service Funds – Internal Service Funds are used to account for and allocate services and costs provided to other funds/departments on a cost-reimbursement basis.

Agency Fund – An Agency Fund is used to account for tax monies collected and held by the City in a trustee capacity or as an agent for other governmental units.

Fiduciary and Trust Funds – A Fiduciary Fund and an OPEB Trust Fund is used to account for the activities and assets of the retiree health insurance funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, sewer, water and the internal service funds are charges to customers for sales and

services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for electric, sewer, water and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, liabilities, and net position or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes attach as an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are due without penalty on or before September 15 with the final collection date of February 28 before they are added to the County tax rolls. Property taxes billed during the month of July will be used to finance the following year's operations. As such, these taxes are recorded as unearned revenue in each respective fund at September 30.

The 2014 taxable valuation of the City totaled \$86,485,802 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments), on

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

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which ad valorem taxes levied consisted of 14.1521 mills for the City's operating purposes, .5500 for D.A.R.T, and 1.9750 for solid waste disposal.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Allowances for uncollectible accounts netted with accounts receivable were \$217,500 for the Electric Fund, \$42,000 for the Sewer Fund and \$17,500 for the Water Fund.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Restricted assets – Certain resources set aside for equipment replacement, repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net position because their use is limited by City Charter and applicable bond covenants.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the

government values these capital assets at the estimated fair value of the item at the date of its donation.

Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized. Buildings and improvements, infrastructure, vehicles, machinery and other equipment, and furniture and equipment are depreciated using the straight-line method over the following useful lives:

Land improvements	20 to 50 years
Buildings and improvements	20 to 50 years
Utility systems	20 to 50 years
Infrastructure	20 to 50 years
Vehicles	5 to 25 years
Machinery and equipment	5 to 33 years
Furniture and equipment	5 to 25 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused sick and vacation days. Employees working the equivalent of a 40-hour work week shall have a maximum cash surrender value of accumulated sick leave based on their date of hire, either up to 80% of 960 hours for those hired before April 30,

**City of Dowagiac**  
**Notes to the Financial Statements**  
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1998 or 50% of 480 or 240 hours for those hired thereafter. Employees in the police union hired after October 1, 1995 receive 50% of 640 hours. Fire department employees working the equivalent of five 24-hour days in a bi-weekly period shall have a maximum cash surrender value of accumulated sick leave of up to 36.9231% of 2,756 hours. The maximum accumulated amount of sick hours is dependent upon hire date. There is no maximum cash surrender value of accumulated vacation leave. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual’s employment has terminated as of year-end.

Unearned revenue – Unearned revenue consists of amounts related to property taxes and service agreement revenue received but not yet earned.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Other Postemployment Benefit Costs – The City offers qualified retirees a partial payment of insurance premiums to be used for postemployment healthcare benefits. The City used the alternative measurement method to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as the stipend is paid. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year annual required contribution (ARC) less any current year paid benefits, adjusted for interest and “adjustment to the ARC” on the beginning of the year underpaid amount, if any.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

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**Notes to the Financial Statements**  
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Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, it's City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined City Council. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature. As of year-end, the Municipal Facilities and Improvements fund had an assigned fund balance amount of \$123,546.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Adoption of New Accounting Standards**

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension

benefits. The net pension liability is recorded on the government-wide statements and, if applicable, the proprietary fund statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending September 30, 2015.

**Upcoming Accounting and Reporting Changes**

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending September 30, 2016, although earlier application is allowed.

In addition, the Governmental Accounting Standards Board has released the following three Statements.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

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government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending September 30, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending September 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending September 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending September 30, 2018.

The City is evaluating the impact GASB 72 and 75 will have on its financial reporting.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

Prior to the first Council meeting in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. A public hearing is conducted to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required Supplementary information.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Council.

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at September 30 are not carried forward to the following fiscal year.

**Excess of Expenditures over Appropriations**

The following funds had excess expenditures over appropriation at the legal level of budgetary control:

Function	Final Budget	Amount of Expenditures	Budget Variance
General Fund			
Capital outlay	\$ 911,500	\$ 996,651	\$ 85,151
Transfers	30,900	199,773	168,873

**Note 3 - Deposits and Investments**

At year-end, the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Restricted Investments	Total
Governmental activities	\$ 3,273,690	\$ 1,101,450	\$ -	\$ 4,375,140
Business-type activities	1,010,284	1,401,988	478,234	2,890,506
Total primary government	4,283,974	2,503,438	478,234	7,265,646
Fiduciary funds	361,615	345,778	-	707,393
Component units	62,638	-	-	62,638
Total	<u>\$ 4,708,227</u>	<u>\$ 2,849,216</u>	<u>\$ 478,234</u>	<u>\$ 8,035,677</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 4,281,634	\$ 361,615	\$ 62,638	\$ 4,705,887
Investments in securities, mutual funds and similar vehicles	2,981,672	345,778	-	3,327,450
Petty cash and cash on hand	2,340	-	-	2,340
	<u>\$ 7,265,646</u>	<u>\$ 707,393</u>	<u>\$ 62,638</u>	<u>\$ 8,035,677</u>

As of year-end, the government had the following investments:

Investment	Fair Value	Weighted Average Maturities	Rating	Rating Organization
U.S. governmental and agency securities:				
Federal Home Loan Bank	\$2,205,146	7.72	AAA	Moody's
Federal National Mortgage Association	776,526	7.4	AAA	Moody's
	2,981,672			
Mutual Funds - MERS total market fund	345,778		N/A	N/A
	<u>\$ 3,327,450</u>			

**Interest rate risk** – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

**Credit risk** – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase

**City of Dowagiac**  
**Notes to the Financial Statements**  
**September 30, 2015**

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agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$4,811,305 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year-end, none of the district's investments were exposed to custodial credit risk. The government does not have a policy for custodial credit risk.

#### **Note 4 - Restricted Investments**

The City's restricted investments are determined by the following:

##### **Electric Fund Reserves**

The City Charter requires the establishment of an Electric Fund reserve in an amount equal to 20% of the replacement cost of the City's Electric Utility Fund's property and equipment. No appraisal of replacement cost for property and equipment was performed for the year ended September 30, 2015. The Electric Fund reserve account balance for improvements and replacements, as of September 30, 2015, is stated at \$342,359. This balance represents 20% of the

estimated replacement cost for property and equipment, which was determined by utilizing the April 17, 2003 appraisal as adjusted for the increase or decrease in the annual Consumer Price Index.

##### **Sewer Fund Reserves**

The authorizing ordinance for the 2010 Water Supply and Sewage Disposal System Revenue Refunding Bonds required the establishment and maintenance of various reserve accounts as follows:

Receiving Account – All receipts are initially deposited into this account.

Operation and Maintenance Account – Quarterly transfers are to be made to cover upcoming operating expenses.

Bond and Interest Redemption Account – Quarterly transfers are to be made equal to  $\frac{1}{2}$  of the next interest payment due plus  $\frac{1}{4}$  of the next principal payment due. The Sewer Fund reserve account balance for bond and interest redemption, as of September 30, 2015, is stated at \$65,375.

Bond Reserve Account – From the proceeds of the Series 2010 Bonds there shall be an amount set aside which is the lesser of: (1) maximum debt service due in any year; (2) 125% of the average annual debt service; or (3) 10% of the principal amount of the bonds. The Sewer Fund reserve account balance for the bond reserve, as of September 30, 2015, is stated at \$70,500.

**City of Dowagiac**  
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**September 30, 2015**

	Requirement			Amount
	October 1, 2014	Additions (Reductions)	September 30, 2015	Funded Restricted Investments
<b>Electric Fund:</b>				
Relacement of capital assets	\$ 342,359	\$ -	\$ 342,359	\$ 342,359
<b>Sewer Fund:</b>				
Bond reserve	\$ 80,000	\$ (9,500)	\$ 70,500	\$ 70,500
Bond & interest redemption	61,788	3,587	65,375	65,375
	<u>\$ 141,788</u>	<u>\$ (5,913)</u>	<u>\$ 135,875</u>	<u>\$ 135,875</u>

**Note 5 - Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue are as follows:

	Unearned
<b>Primary government</b>	
Property taxes	\$ 1,456,427
Service agreement	104,345
Other revenue	20,439
	<u>\$ 1,581,211</u>
<b>Component unit</b>	
Property taxes	<u>\$ 49,602</u>

**Note 6 - Capital Assets**

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 3,438,040	\$ 58,960	\$ -	\$ 3,497,000
Construction in progress	793,817	27,585	793,817	27,585
Total capital assets not being depreciated	4,231,857	86,545	793,817	3,524,585
Capital assets being depreciated				
Infrastructure	1,491,131	106,279	-	1,597,410
Land Improvements	1,853,805	68,683	-	1,922,488
Building and Improvements	3,217,382	1,198,114	-	4,415,496
Machinery & Equipment	1,555,804	285,552	169,323	1,672,033
Vehicles	2,386,887	76,330	47,744	2,415,473
Furniture and Equipment	161,245	-	-	161,245
Total capital assets being depreciated	10,666,254	1,734,958	217,067	12,184,145
Less accumulated depreciation for				
Infrastructure	158,117	61,262	-	219,379
Land Improvements	540,276	77,130	-	617,406
Building and Improvements	887,276	86,335	-	973,611
Machinery & Equipment	1,707,253	71,881	162,336	1,616,798
Vehicles	927,528	99,241	47,744	979,025
Furniture and Equipment	155,536	1,852	-	157,388
Total accumulated depreciation	4,375,986	397,701	210,080	4,563,607
Net capital assets being depreciated	6,290,268	1,337,257	6,987	7,620,538
Governmental activities capital assets, net	<u>\$ 10,522,125</u>	<u>\$ 1,423,802</u>	<u>\$ 800,804</u>	<u>\$ 11,145,123</u>

**City of Dowagiac**  
**Notes to the Financial Statements**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 92,451	\$ -	\$ -	\$ 92,451
Construction in progress	81,108	194,405	-	275,513
Total capital assets not being depreciated	173,559	194,405	-	367,964
Capital assets being depreciated				
Buildings and Improvements	5,939,489	-	-	5,939,489
Utility System	12,487,479	84,593	-	12,572,072
Machinery & Equipment	117,740	-	-	117,740
Vehicles	171,735	63,183	51,087	183,831
Total capital assets being depreciated	18,716,443	147,776	51,087	18,813,132
Less accumulated depreciation for				
Business-type funds	10,954,622	432,838	51,087	11,336,373
Net capital assets being depreciated	7,761,821	(285,062)	-	7,476,759
Business-type capital assets, net	<u>\$ 7,935,380</u>	<u>\$ (90,657)</u>	<u>\$ -</u>	<u>\$ 7,844,723</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental activities</b>	
General government	\$ 141,802
Public safety	21,270
Public works	73,265
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>161,364</u>
Total governmental activities	<u>397,701</u>
<b>Business-type activities</b>	
Electric	177,437
Sewer	167,831
Water	78,904
D.A.R.T.	<u>8,666</u>
Total business-type activities	<u>432,838</u>
Total primary government	<u>\$ 830,539</u>

**Note 7 - Interfund Receivables, Payables, and Transfers**

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Due to/from primary government and component units:

<b>Due from/to primary government and component units</b>		
Receivable Fund	Payable Fund	Amount
Component Unit	General Fund	<u>\$ 49,602</u>

Advances at year-end are as follows:

<b>Advances due to/from primary government and component units</b>		
Receivable Fund	Payable Fund	Amount
Sewer	Component Unit	<u>\$ 79,845</u>

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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
Internal Service Fund	Internal Service Fund	\$ 1,614
DART	Internal Service Fund	378
Electric	Non-major	170,729
Electric	General	521,480
Electric	Internal Service Fund	2,549
General	Internal Service Fund	7,813
General	Non-major	21,960
General	DART	170,000
Non-major	Non-major	65,250
Non-major	Electric	11,992
Non-major	Sewer	43,883
Non-major	Internal Service Fund	306
Sewer	General	38,000
Sewer	Internal Service Fund	1,539
Water	Internal Service Fund	771
		<u>\$ 1,058,264</u>

**Note 8 - Interfund Agreements**

In 2000, the City issued water and sewage system revenue bonds for which a portion of the bonds was used for the City's northwest storm sewer project, which was 35.297% of the total bond. The City received approval to use Major Street Fund monies to support this portion of the debt service. Therefore, the Major Street Fund has since made an annual transfer to the Sewer Fund which equals 35.297% of the annual debt service payment made from the Sewer Fund. The amount of the transfer from the Major Street Fund to the Sewer Fund during the current fiscal year was \$43,883.

In 2001, the Local Development Finance Authority received a transfer of \$190,000 from the City's Electric Fund which was used for a development project. Since then, the City has not only taken over monitoring of the well sites, but also has increased the monitoring and maintenance of the landfill and worked with Wayne Township to install a public water system in the potentially impacted area. A work plan intended to further study the potential impacts of the landfill on the aquifers has been approved by the MDEQ (formerly DNRE). The study will take place in 2017. The current agreement indicates that the \$190,000 will be repaid by the LDFA with an annual payment to the Electric Fund of \$34,599 including interest at 3.75% through year 2015. During the current year, there was \$34,599 paid by the LDFA to the Electric Fund on this agreement. The balance on the agreement was paid in full as of September 30, 2015.

**Note 9 - Environmental Remediation Loss Contingency**

In an August 18, 2009 Demand Letter, the Michigan Department of Natural Resource Environment (DNRE) has indicated that ground water around the site of the former Dowagiac City Landfill contains certain hazardous substances. In the 2009 Demand Letter, the DNRE was demanding that the City undertake certain response activities necessary to protect the public health, safety welfare and the environment. During the current year, the State agreed to allow the City to take over monitoring of well sites and has imposed no additional requirements at this time.

**Note 10 - Purchased Power Agreement**

The City entered into an agreement for the period of May 1, 2009 through May 31, 2026, with Indiana Michigan Power Company to purchase electric power for its Electric Fund, on a cost-based formula rate. The contract includes various cancellation clauses for either party based on advance notification dates or specific circumstances arising. The City receives a monthly invoice which includes a demand charge, energy charge and a fuel charge. The fuel charge is adjusted

**City of Dowagiac**  
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monthly from an estimated fuel rate factor to an actual. The contract also includes a formula rate true-up clause that requires a calendar year computation based on actual generation demand and generation energy charges. As of September 30, 2015, the amount of the true-up adjustment (rebate or additional cost), for the current calendar year, is not currently determinable and has not been recognized.

**Note 11 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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**Note 12 - Long-Term Debt**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with various funds.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
General Obligation Limited Tax Bond									
1997 Building Authority Bonds	\$ 1,600,000	8/1/2017	5.30% - 5.40%	\$110,000 - \$130,000	\$ 370,000	\$ -	\$ 115,000	\$ 255,000	\$ 125,000
2000 Installment Purchase - Land	500,000	12/1/2015	7.00%	25,350 - 27,125	27,125	-	27,125	-	-
2001 Promissory Note - Land Contract	800,000	12/1/2029	8.00%	21,041 - 69,580	651,644	-	22,787	628,857	24,678
2001 Michigan Strategic Grant/Loan	400,000	8/1/2015	0.00%	25,383 - 25,384	25,384	-	25,384	-	-
2014 PNC Commercial Loan	310,000	8/21/2024	3.50%	20,666 - 124,000	310,000	-	20,666	289,334	20,666
Compensated absences					299,058	31,963	-	331,021	-
Total governmental activities					<u>\$ 1,683,211</u>	<u>\$ 31,963</u>	<u>\$ 210,962</u>	<u>\$ 1,504,212</u>	<u>\$ 170,344</u>
<b>Business-type activities</b>									
2010 Water Supply & Sewage Disposal System Revenue Refunding Bonds (33.3487% Water & 66.6513% Sewer)	\$ 1,080,000	12/1/2020	3.00% - 4.00%	\$95,000 - \$135,000	\$ 800,000	\$ -	\$ 95,000	\$ 705,000	\$ 105,000
2010 Unamortized Bond Premium on 2010 Water Supply & Sewage Disposal System Revenue Refunding Bonds				1,023 - 9,201	49,375	-	5,053	44,322	5,058
Nubour Street Debt	165,750	12/1/1953	3.75%	\$4,144	-	165,750	4,144	161,606	4,144
Compensated absences					228,370	-	5,381	222,989	-
Total business-type activities					<u>\$ 1,077,745</u>	<u>\$ 165,750</u>	<u>\$ 109,578</u>	<u>\$ 1,133,917</u>	<u>\$ 114,202</u>
<b>Component units</b>									
2007 Brownfield Development Authority Limited Tax General Obligation Bonds	\$ 810,000	5/1/2028	4.000% - 4.375%	\$35,000 - \$60,000	\$ 630,000	\$ -	\$ 35,000	\$ 595,000	\$ 35,000
Compensated absences					1,217	1,420	-	2,637	-
Total component units					<u>\$ 631,217</u>	<u>\$ 1,420</u>	<u>\$ 35,000</u>	<u>\$ 597,637</u>	<u>\$ 35,000</u>

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Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 125,000	\$ 10,395	\$ 105,000	\$ 25,575
2017	130,000	3,509	105,000	21,900
2018	-	-	115,000	17,500
2019	-	-	120,000	12,800
2020	-	-	125,000	7,900
2021 - 2025	-	-	135,000	2,700
	<u>\$ 255,000</u>	<u>\$ 13,904</u>	<u>\$ 705,000</u>	<u>\$ 88,375</u>

Year Ending September 30,	Component Unit	
	Principal	Interest
2016	\$ 35,000	\$ 25,507
2017	35,000	24,106
2018	40,000	22,706
2019	40,000	21,006
2020	40,000	19,307
2021 - 2025	235,000	68,519
2026 - 2028	170,000	15,094
	<u>\$ 595,000</u>	<u>\$ 196,245</u>

On June 25, 2015, the City issued bonds in the amount of \$2,310,000 for Water Supply and Sewage Disposal. As of September 30, 2015, the City has not requested any advances from the State revolving fund for these bonds.

**Note 13 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages its general liability, property, and auto risk/insurance by participating in Michigan

Municipal Risk Management Authority, a public entity risk pool providing insurance coverage to its participating members. The City pays premiums to the Authority for its insurance coverage. The Michigan Municipal Risk Management Authority is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City manages its workers' compensation risk/insurance by participating in the Michigan Municipal League (MML), a public entity pool providing insurance coverage to its participating members. The City pays premiums to MML for the insurance coverage. The MML is self-sustaining through member premiums. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. In addition, the City pays life insurance for IPEW and Police Officers that are retired from ages 55 – 64.

**Note 14 - Employee Retirement and Benefit Systems**

**Defined benefit pension plan**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

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Benefits provided – Benefits provided include plans with multipliers ranging from 2% to 2.5%. Vesting periods are 10 years for all groups. Normal retirement age is 60 with early retirement at 55 with 20 years of service. Final average compensation is calculated based on 5 years. Member contributions range from 6.51% to 9.17%.

Employees covered by benefit terms – At the December 31, 2014 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	55
Inactive employees entitled to, but	
not yet receiving benefits	15
Active employees	45
	115

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 12.69% to 80.97% based on annual payroll for open divisions.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the

City’s management and personnel policy. Under the plan, eligible employees are required to contribute 6.50 – 9.2% of earned wages.

Actuarial assumptions – The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3-4%; 2) Salary increases 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015, 2016, respectively); 3) Investment rate of return of 8%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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**Notes to the Financial Statements**  
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The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Schedule of Changes in Net Pension Liability**

	<u>2015</u>
<b>Total Pension Liability</b>	
Service cost	\$ 286,300
Interest on the total pension liability	1,390,427
Other changes	43,449
Benefit payments and refunds	<u>(1,190,405)</u>
Net change in total pension liability	529,771
Total pension liability - beginning	<u>17,832,385</u>
Total pension liability - ending (a)	<u>\$ 18,362,156</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 575,547
Employee contributions	225,200
Pension plan net investment income	565,509
Benefit payments and refunds	(1,190,405)
Pension plan administrative expense	<u>(20,692)</u>
Net change in plan fiduciary net position	155,159
Plan fiduciary net position - beginning	<u>9,049,363</u>
Plan fiduciary net position - ending (b)	<u>9,204,522</u>
Net pension liability (a-b)	<u>\$ 9,157,634</u>
Plan fiduciary net position as a percentage of total pension liability	50.13%
Covered employee payroll	2,237,790
Net pension liability as a percentage of covered employee payroll	409.23%

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Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7%) or 1% higher (9%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 20,351,703	\$ 18,362,156	\$ 16,671,552
Fiduciary net position	<u>9,204,522</u>	<u>9,204,522</u>	<u>9,204,522</u>
 Net pension liability	 <u>\$ 11,147,181</u>	 <u>\$ 9,157,634</u>	 <u>\$ 7,467,030</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended September 30, 2015, the employer recognized pension expense of \$716,091. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Excess investment returns	\$ 113,621
Contributions subsequent to the measurement date*	<u>812,709</u>
 Total	 <u>\$ 926,330</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended,</u>	
2016	\$ 28,405
2017	28,405
2018	28,405
2019	<u>28,406</u>
	<u>\$ 113,621</u>

**Other postemployment health care benefits**

The City has established a postemployment hospitalization insurance plan for employees retiring after October 1, 1984 who receive benefits under the City Retirement Plan. The plan currently covers fifty-one (51) active employees and eleven (11) retired employees. The obligation to pay postemployment hospitalization insurance premium was established by the City Council. The obligation requires that the City reimburse any eligible employee retiring prior to April 30, 2002 an amount equal to 50% of any premium attributable to the employee only. For employees retiring after May 1, 2002, the maximum amount reimbursed is \$200 per month for all employees except police and public service retirees who are reimbursed a maximum of \$275 per month until age 65 and then \$200 thereafter. At the fund level, the expense is recognized by the City as payments to the retirees are made. During the year, this amounted to \$12,200. The plan does not issue a separate stand-alone financial statement.

Funding Policy – The City's annual other postemployment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer* (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty

**City of Dowagiac**  
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**September 30, 2015**

years. The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the City.

**Funding Progress** – For the year ended September 30, 2015, the City has determined an estimated cost of providing postemployment benefits through the alternative measurement method of calculation as of September 30, 2015. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

	<u>2015</u>
Annual required contribution (recommended)	\$ 75,454
Interest on the prior year's net OPEB obligation	21,824
Less adjustment to the annual required contribution	<u>(11,458)</u>
Annual OPEB costs	85,820
Amounts contributed:	
Payments of current premiums	<u>(12,200)</u>
Increase in net OPEB obligation	73,620
OPEB obligation, beginning of year	<u>311,754</u>
OPEB obligation, end of year	<u><u>\$ 385,374</u></u>
The net OPEB obligation is recorded as follows:	
Governmental activities	\$ 222,144
Business-type activities	163,230
Total	<u><u>\$ 385,374</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual OPEB cost	\$ 85,820	\$ 81,168	\$ 78,064
Percentage contributed	16%	19%	45%
Net OPEB obligation	385,374	311,754	245,299

The current funding progress of the plan as of September 30, 2013, the most recent valuation date, is as follows:

Actuarial accrued liabilities (AAL)	\$ 998,944
Actuarial value of plan assets	308,236
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 690,708</u></u>
Funded ratio	30.86%

Information related to funding progress with multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented.

**Actuarial methods and assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are made about the future.

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Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the City and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2013 OPEB alternative measurement method calculation, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 7.0 percent was used. The actuarial assumptions include a 7.0 percent a year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets, a base payroll growth rate of 3.0 percent, and a 7.0 percent interest rate on the beginning of the year OPEB obligation. The remaining amortization period at September 30, 2015 was twenty-five years.

**Deferred compensation plan**

The government Board offers all government employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans are held in trust by the ICMA Retirement Corporation and the MERS defined contribution plan. The plan balances and activities are not reflected in the government's financial statements.

**Note 15 - Change in Accounting Principle**

As indicated in Note 1, the City has adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the Government to record their net pension liability and pension expense. Previously these amounts were not recorded on the Government's statements. The standards require this change be applied retroactively. The impact changed the following beginning net positions:

<u>Fund</u>	<u>Beginning Net Position</u>	<u>GASB 68 Adjustment</u>	<u>Restated Beginning Net Position</u>
Electric	\$ 3,549,192	\$ (1,035,151)	\$ 2,514,041
Sewer	4,637,210	(1,179,386)	3,457,824
Water	2,424,472	(613,600)	1,810,872
DART	107,696	(302,816)	(195,120)
Internal service funds	2,725,164	(241,455)	2,483,709
Governmental activities	12,620,793	(4,837,875)	7,782,918
Business-type activities	10,718,570	(3,130,953)	7,587,617

**Note 16 - Subsequent Event**

Subsequent to year-end, the first draw was made on the Water and Sewer Supply bonds in the amount of \$51,716. The draw request was initiated on October 1, 2015, and payment was received on October 8, 2015.

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**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
<b>Revenues</b>				
Taxes				
Property taxes	\$ 1,696,250	\$ 1,696,250	\$ 1,675,167	\$ (21,083)
Penalties and interest	8,500	8,500	6,685	(1,815)
Licenses and permits	99,530	113,230	112,700	(530)
Federal grants	-	14,500	67,450	52,950
State revenue sharing	698,000	698,000	676,382	(21,618)
State grants	-	27,000	4,706	(22,294)
Local contributions	379,000	389,000	319,338	(69,662)
Charges for services	421,650	465,980	436,147	(29,833)
Fines and forfeitures	48,800	44,700	34,947	(9,753)
Interest income	1,800	1,800	1,894	94
Rental income	58,000	67,000	66,104	(896)
Other revenue	26,050	221,700	139,558	(82,142)
Transfers in	105,000	445,000	559,480	114,480
Total revenues	<u>3,542,580</u>	<u>4,192,660</u>	<u>4,100,558</u>	<u>(92,102)</u>
<b>Expenditures</b>				
General government				
Township board	15,570	13,570	12,494	(1,076)
Manager	66,175	69,175	59,938	(9,237)
Accounting	73,170	74,470	65,777	(8,693)
Clerk	50,990	48,770	37,562	(11,208)
Assessor	29,375	30,225	29,553	(672)
Elections	9,000	11,720	9,081	(2,639)
Buildings and grounds	307,560	374,060	354,296	(19,764)
Attorney	15,000	28,000	34,889	6,889
Total general government	<u>566,840</u>	<u>649,990</u>	<u>603,590</u>	<u>(46,400)</u>

**City of Dowagiac**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Public safety				
Police	\$ 1,406,525	\$ 1,465,300	\$ 1,415,009	\$ (50,291)
Fire department	484,850	499,605	483,254	(16,351)
Building inspection department	108,200	133,400	119,229	(14,171)
Total public safety	<u>1,999,575</u>	<u>2,098,305</u>	<u>2,017,492</u>	<u>(80,813)</u>
Public works				
Department of public works	188,300	188,300	180,895	(7,405)
Sidewalks	17,300	17,300	5,383	(11,917)
Airport	58,750	113,900	97,187	(16,713)
Total public works	<u>264,350</u>	<u>319,500</u>	<u>283,465</u>	<u>(36,035)</u>
Community and economic development				
Planning	3,980	51,780	44,529	(7,251)
Recreation and culture				
Parks and recreation	107,415	127,915	116,894	(11,021)
Other functions				
Insurance and bonds	31,800	24,800	15,564	(9,236)
Miscellaneous	35,000	35,000	35,000	-
Contingency	60,000	1,000	331	(669)
Total other functions	<u>126,800</u>	<u>60,800</u>	<u>50,895</u>	<u>(9,905)</u>
Capital outlay	<u>202,000</u>	<u>911,500</u>	<u>996,651</u>	<u>85,151</u>

**City of Dowagiac**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
Debt service				
Principal retirement	\$ 162,700	\$ 162,700	\$ 161,575	\$ (1,125)
Interest and fiscal charges	<u>51,300</u>	<u>51,300</u>	<u>51,608</u>	<u>308</u>
Total debt service	<u>214,000</u>	<u>214,000</u>	<u>213,183</u>	<u>(817)</u>
Transfers out	<u>43,000</u>	<u>30,900</u>	<u>199,773</u>	<u>168,873</u>
Total expenditures	<u>3,527,960</u>	<u>4,464,690</u>	<u>4,526,472</u>	<u>61,782</u>
Excess (deficiency) of revenues over expenditures	14,620	(272,030)	(425,914)	(153,884)
Fund balance - beginning of year	<u>1,054,995</u>	<u>1,054,995</u>	<u>1,054,995</u>	-
Fund balance - end of year	<u>\$ 1,069,615</u>	<u>\$ 782,965</u>	<u>\$ 629,081</u>	<u>\$ (153,884)</u>

**City of Dowagiac**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employer Contributions**  
**September 30, 2015**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2010	\$ 542,521	\$ 542,521	\$ -	\$ 2,409,626	22.51%
12/31/2011	523,478	523,478	-	2,557,941	20.46%
12/31/2012	663,361	663,361	-	2,374,859	27.93%
12/31/2013	741,125	741,125	-	2,208,994	33.55%
12/31/2014	575,547	575,547	-	2,237,790	25.72%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 9 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	10-year smoothed value of assets
Inflation	3-4%
Salary increases	0.045
Investment rate of return	0.08
Retirement age	60
Mortality	1994 Group annuity mortality table of 50% male and 50% female blend

**City of Dowagiac**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2015**

Fiscal year ended June 30,	<u>2015</u>
<b>Total Pension Liability</b>	
Service cost	\$ 286,300
Interest on the total pension liability	1,390,427
Other changes	43,449
Benefit payments and refunds	<u>(1,190,405)</u>
Net change in total pension liability	529,771
Total pension liability - beginning	<u>17,832,385</u>
Total pension liability - ending (a)	<u>\$ 18,362,156</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 575,547
Employee contributions	225,200
Pension plan net investment income	565,509
Benefit payments and refunds	(1,190,405)
Pension plan administrative expense	<u>(20,692)</u>
Net change in plan fiduciary net position	155,159
Plan fiduciary net position - beginning	<u>9,049,363</u>
Plan fiduciary net position - ending (b)	<u>9,204,522</u>
Net pension liability (a-b)	<u>\$ 9,157,634</u>
Plan fiduciary net position as a percentage of total pension liability	50.13%
Covered employee payroll	2,237,790
Net pension liability as a percentage of covered employee payroll	409.23%

\*GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015 and does not require retroactive implementation.  
Data will be added as information is available until 10 years of such data is available.

**City of Dowagiac**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employers' Net Pension Liability**  
**September 30, 2015**

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2015	\$ 18,362,156	\$ 9,204,522	\$ 9,157,634	50.13%	\$ 2,237,790	409.23%

\*GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**City of Dowagiac**  
**Required Supplemental Information**  
**Other Postemployment Benefits**

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage of ARC Contributed
2011	\$ 94,084	\$ 38,360	41%
2012	94,084	29,720	32%
2013	75,454	33,733	45%
2014	75,454	14,713	19%
2015	75,454	12,200	16%

Funded Status - The funded status of the plan as of September 30, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 998,944
Actuarial value of plan assets	<u>308,236</u>
Unfunded actuarial accrued liability	<u><u>\$ 690,708</u></u>
Funded ratio	30.86%
Covered payroll (active plan members)	\$ 2,208,994
UAAL as a percentage of covered payroll	31.27%

**City of Dowagiac**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2015**

	Special Revenue Funds									Permanent Fund	Total Nonmajor Governmental Funds
	Major Street	Local Street	Solid Waste	Rehab Loan Payments	Municipal Facilities & Improvements	City Drug Forfeiture	Federal Drug Forfeiture	Depot	Economic Development	Public Arts	
<b>Assets</b>											
Cash and cash equivalents	\$ 33,416	\$ -	\$ 11,178	\$ -	\$ 160,542	\$ 10,884	\$ 255	\$ -	\$ -	\$ 2,090	\$ 218,365
Investments	39,965	-	-	-	-	-	-	-	-	-	39,965
Receivables											
Customers	-	-	-	-	8,100	-	-	-	164,748	-	172,848
Accrued interest and other	95	-	-	-	311	-	-	-	-	-	406
Due from other units											
of government	57,340	39,167	-	-	-	-	-	-	-	-	96,507
Prepaid items	4,273	3,839	3,238	-	355	-	-	-	-	-	11,705
Notes and loans receivable	-	-	-	17,063	-	-	-	-	65,000	-	82,063
<b>Total assets</b>	<b>\$ 135,089</b>	<b>\$ 43,006</b>	<b>\$ 14,416</b>	<b>\$ 17,063</b>	<b>\$ 169,308</b>	<b>\$ 10,884</b>	<b>\$ 255</b>	<b>\$ -</b>	<b>\$ 229,748</b>	<b>\$ 2,090</b>	<b>\$ 621,859</b>
<b>Liabilities</b>											
Accounts payable	\$ 8,383	\$ 13,959	\$ 6,240	\$ 15,980	\$ 44,657	\$ -	\$ -	\$ -	\$ 204,248	\$ -	\$ 293,467
Accrued and other liabilities	3,765	6,729	4,909	-	-	-	-	-	-	-	15,403
Deposits payable	-	-	-	-	350	-	-	-	-	-	350
Unearned revenue	-	17,820	-	-	400	-	-	-	-	-	18,220
<b>Total liabilities</b>	<b>12,148</b>	<b>38,508</b>	<b>11,149</b>	<b>15,980</b>	<b>45,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,248</b>	<b>-</b>	<b>327,440</b>
<b>Fund Balances</b>											
Non-spendable											
Prepaid items	4,273	3,839	3,238	-	355	-	-	-	-	-	11,705
Restricted for											
Special revenue funds	118,668	659	29	1,083	-	10,884	255	-	25,500	-	157,078
Public arts	-	-	-	-	-	-	-	-	-	2,090	2,090
Assigned	-	-	-	-	123,546	-	-	-	-	-	123,546
Unassigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>122,941</b>	<b>4,498</b>	<b>3,267</b>	<b>1,083</b>	<b>123,901</b>	<b>10,884</b>	<b>255</b>	<b>-</b>	<b>25,500</b>	<b>2,090</b>	<b>294,419</b>
<b>Total liabilities and fund balances</b>	<b>\$ 135,089</b>	<b>\$ 43,006</b>	<b>\$ 14,416</b>	<b>\$ 17,063</b>	<b>\$ 169,308</b>	<b>\$ 10,884</b>	<b>\$ 255</b>	<b>\$ -</b>	<b>\$ 229,748</b>	<b>\$ 2,090</b>	<b>\$ 621,859</b>

**City of Dowagiac**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2015**

	Special Revenue Funds								Permanent	Total Nonmajor Governmental Funds	
	Major Street	Local Street	Solid Waste	Rehab Loan Payments	Municipal Facilities & Improvements	City Drug Forfeiture	Federal Drug Forfeiture	Depot	Economic Development		Public Arts
<b>Revenues</b>											
Taxes	\$ -	\$ -	\$165,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,481
Federal grants	5,467	-	-	-	-	-	-	-	-	-	5,467
Other state grants	333,413	142,371	-	-	-	-	-	-	-	-	475,784
Local contributions	36,583	-	-	-	-	-	-	-	-	-	36,583
Interest income	2,153	-	-	-	452	-	-	-	-	-	2,605
Rental income	-	-	-	-	49,000	-	-	3,000	-	-	52,000
Other revenue	20,222	19,782	-	-	-	-	-	-	-	50	40,054
<b>Total revenues</b>	<b>397,838</b>	<b>162,153</b>	<b>165,481</b>	<b>-</b>	<b>49,452</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>50</b>	<b>777,974</b>
<b>Expenditures</b>											
Current											
General government	-	-	-	-	65,212	-	-	-	-	-	65,212
Public safety	-	-	-	-	-	7,111	-	-	-	-	7,111
Public works	244,176	309,247	234,142	-	-	-	-	4,694	-	-	792,259
Community and economic development	-	-	-	13,503	-	-	-	-	-	-	13,503
Capital outlay	25,362	-	-	-	44,453	-	-	-	-	-	69,815
Principal retirement	-	-	-	-	26,454	-	-	-	-	-	26,454
<b>Total expenditures</b>	<b>269,538</b>	<b>309,247</b>	<b>234,142</b>	<b>13,503</b>	<b>136,119</b>	<b>7,111</b>	<b>-</b>	<b>4,694</b>	<b>-</b>	<b>-</b>	<b>974,354</b>
Excess (deficiency) of revenues over expenditures	128,300	(147,094)	(68,661)	(13,503)	(86,667)	(7,111)	-	(1,694)	-	50	(196,380)
<b>Other financing sources (uses)</b>											
Transfers in	-	138,000	69,000	13,000	37,939	-	-	-	-	-	257,939
Transfers out	(107,003)	(97)	(79)	-	(12,002)	-	-	(2,250)	-	-	(121,431)
<b>Total other financing sources and uses</b>	<b>(107,003)</b>	<b>137,903</b>	<b>68,921</b>	<b>13,000</b>	<b>25,937</b>	<b>-</b>	<b>-</b>	<b>(2,250)</b>	<b>-</b>	<b>-</b>	<b>136,508</b>
<b>Net change in fund balance</b>	<b>21,297</b>	<b>(9,191)</b>	<b>260</b>	<b>(503)</b>	<b>(60,730)</b>	<b>(7,111)</b>	<b>-</b>	<b>(3,944)</b>	<b>-</b>	<b>50</b>	<b>(59,872)</b>
Fund balance - beginning of year	101,644	13,689	3,007	1,586	184,631	17,995	255	3,944	25,500	2,040	354,291
Fund balance - end of year	\$ 122,941	\$ 4,498	\$ 3,267	\$ 1,083	\$ 123,901	\$ 10,884	\$ 255	\$ -	\$ 25,500	\$ 2,090	\$ 294,419

**City of Dowagiac**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Balance Sheet - Internal Service Funds**  
**September 30, 2015**

	Motor Pool Equipment Fund	Computer Replacement Equipment Fund	Health/Dental Insurance Fund	Retention Fund	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 224,611	\$ 43,075	\$ 209,710	\$ -	\$ 477,396
Investments	1,010,396	51,089	-	-	1,061,485
Receivables					
Customers	1,681	9,770	-	-	11,451
Accrued interest and other	5,109	591	1,307	-	7,007
Due from other units of government	22,992	-	-	-	22,992
Prepaid items	11,690	11,140	-	176,184	199,014
 Total current assets	 <u>1,276,479</u>	 <u>115,665</u>	 <u>211,017</u>	 <u>176,184</u>	 <u>1,779,345</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	<u>1,260,381</u>	<u>50,703</u>	<u>-</u>	<u>-</u>	<u>1,311,084</u>
 Total assets	 <u>2,536,860</u>	 <u>166,368</u>	 <u>211,017</u>	 <u>176,184</u>	 <u>3,090,429</u>
<b>Deferred outflows of resources</b>					
Deferred amount of pension expense related to net pension liability	<u>24,085</u>	<u>3,983</u>	<u>-</u>	<u>-</u>	<u>28,068</u>
 Total assets and deferred outflows of resources	 <u>2,560,945</u>	 <u>170,351</u>	 <u>211,017</u>	 <u>176,184</u>	 <u>3,118,497</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Balance Sheet - Internal Service Funds**  
**September 30, 2015**

	Motor Pool Equipment Fund	Computer Replacement Equipment Fund	Health/Dental Insurance Fund	Retention Fund	Total
<b>Liabilities</b>					
Accounts payable	\$ 14,517	\$ 1,826	\$ -	\$ -	\$ 16,343
Accrued and other liabilities	<u>3,750</u>	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>5,055</u>
Total current liabilities	<u>18,267</u>	<u>3,131</u>	<u>-</u>	<u>-</u>	<u>21,398</u>
Noncurrent liabilities					
Accrued compensated absences	8,489	7,841	-	-	16,330
Net pension liability	238,099	39,377	-	-	277,476
Other postemployment benefits	<u>16,791</u>	<u>2,614</u>	<u>-</u>	<u>-</u>	<u>19,405</u>
Total noncurrent liabilities	<u>263,379</u>	<u>49,832</u>	<u>-</u>	<u>-</u>	<u>313,211</u>
Total liabilities	<u>281,646</u>	<u>52,963</u>	<u>-</u>	<u>-</u>	<u>334,609</u>
<b>Net Position</b>					
Net investment in capital assets	1,260,381	50,703	-	-	1,311,084
Unrestricted	<u>1,018,918</u>	<u>66,685</u>	<u>211,017</u>	<u>176,184</u>	<u>1,472,804</u>
Total net position	<u>\$ 2,279,299</u>	<u>\$ 117,388</u>	<u>\$ 211,017</u>	<u>\$ 176,184</u>	<u>\$ 2,783,888</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2015**

	Motor Pool Equipment Fund	Computer Replacement Equipment Fund	Health/Dental Insurance Fund	Retention Fund	Total
<b>Operating revenue</b>					
Charges for service	\$ 203,320	\$ -	\$ -	\$ -	\$ 203,320
Equipment rental	384,464	123,587	-	-	508,051
Other revenue	9,506	9,770	211	28,964	48,451
Total operating revenue	<u>597,290</u>	<u>133,357</u>	<u>211</u>	<u>28,964</u>	<u>759,822</u>
<b>Operating expenses</b>					
Personnel services	94,490	34,509	14,873	-	143,872
Supplies	53,858	4,893	-	-	58,751
Contractual services	19,758	35,922	-	-	55,680
Administrative expense	2,621	1,230	-	1,261	5,112
Telephone	821	1,327	-	-	2,148
Insurance	-	-	-	3,934	3,934
Utilities	3,130	-	-	-	3,130
Repairs and maintenance	62,060	-	-	-	62,060
Equipment rental	768	-	-	-	768
Other services and supplies	7,789	-	-	-	7,789
Depreciation	146,654	14,710	-	-	161,364
Capital outlay	779	19,241	-	-	20,020
Total operating expenses	<u>392,728</u>	<u>111,832</u>	<u>14,873</u>	<u>5,195</u>	<u>524,628</u>
Operating income (loss)	<u>204,562</u>	<u>21,525</u>	<u>(14,662)</u>	<u>23,769</u>	<u>235,194</u>
<b>Nonoperating revenue</b>					
Federal grant	22,992	-	-	-	22,992
Interest income	22,818	-	1,293	4,526	28,637
Total nonoperating revenues (expenses)	<u>45,810</u>	<u>-</u>	<u>1,293</u>	<u>4,526</u>	<u>51,629</u>
Income (loss) before transfers	250,372	21,525	(13,369)	28,295	286,823
Transfers in	-	-	-	14,970	14,970
Transfers out	(1,577)	(37)	-	-	(1,614)
Change in net position	<u>248,795</u>	<u>21,488</u>	<u>(13,369)</u>	<u>43,265</u>	<u>300,179</u>
Net position - beginning of year (restated)	<u>2,030,504</u>	<u>95,900</u>	<u>224,386</u>	<u>132,919</u>	<u>2,483,709</u>
Net position - end of year	<u>\$ 2,279,299</u>	<u>\$ 117,388</u>	<u>\$ 211,017</u>	<u>\$ 176,184</u>	<u>\$ 2,783,888</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	Motor Pool Equipment Fund	Computer Replacement Equipment Fund	Health/Dental Insurance Fund	Retention Fund	Total
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 184,207	\$ -	\$ -	\$ -	\$ 184,207
Receipts from other funds	384,464	123,587	-	28,964	537,015
Payments to suppliers	(161,425)	(73,377)	(15,699)	(48,460)	(298,961)
Payments to employees	(83,036)	(31,382)	-	-	(114,418)
Net cash provided (used) by operating activities	<u>324,210</u>	<u>18,828</u>	<u>(15,699)</u>	<u>(19,496)</u>	<u>307,843</u>
<b>Cash flows from noncapital financing activities</b>					
Transfer from other funds	-	-	-	14,970	14,970
Transfers to other funds	(1,577)	(37)	-	-	(1,614)
Federal grant	22,992	-	-	-	22,992
Net cash provided (used) by noncapital financing activities	<u>21,415</u>	<u>(37)</u>	<u>-</u>	<u>14,970</u>	<u>36,348</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases/construction of capital assets	(284,532)	(31,970)	-	-	(316,502)
Proceeds from sale of capital assets	6,986	-	-	-	6,986
Net cash provided (used) by capital and related financing activities	<u>(277,546)</u>	<u>(31,970)</u>	<u>-</u>	<u>-</u>	<u>(309,516)</u>
<b>Cash flows from investing activities</b>					
Purchases of investments	(325,933)	(51,089)	-	-	(377,022)
Interest received	22,818	(591)	1,293	4,526	28,046
Net cash provided (used) by investing activities	<u>(303,115)</u>	<u>(51,680)</u>	<u>1,293</u>	<u>4,526</u>	<u>(348,976)</u>
Net change in cash and cash equivalents	(235,036)	(64,859)	(14,406)	-	(314,301)
Cash and cash equivalents - beginning of year	459,647	107,934	224,116	-	791,697
Cash and cash equivalents - end of year	<u>\$ 224,611</u>	<u>\$ 43,075</u>	<u>\$ 209,710</u>	<u>\$ -</u>	<u>\$ 477,396</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2015**

	Motor Pool Equipment Fund	Computer Replacement Equipment Fund	Health/Dental Insurance Fund	Retention Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 204,562	\$ 21,525	\$ (14,662)	\$ 23,769	\$ 235,194
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	146,654	14,710	-	-	161,364
Noncash changes in net pension liability	9,740	1,611			11,351
Changes in assets and liabilities					
Receivables (net)	(5,627)	(9,770)	(1,037)	-	(16,434)
Due from other units of government	(22,992)	-	-	-	(22,992)
Deferred outflows	(2,916)	(482)			(3,398)
Prepaid items	(2,751)	(2,428)	-	(43,265)	(48,444)
Accounts payable	(6,132)	(8,117)	-	-	(14,249)
Accrued and other liabilities	1,417	179	-	-	1,596
Other postemployment benefits	541	84	-	-	625
Compensated absences	1,714	1,516	-	-	3,230
Net cash provided (used) by operating activities	<u>\$ 324,210</u>	<u>\$ 18,828</u>	<u>\$ (15,699)</u>	<u>\$ (19,496)</u>	<u>\$ 307,843</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Component Units**  
**Combining Balance Sheet - Component Units**  
**September 30, 2015**

	Local Development Finance Authority	Downtown Development Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 58,260	\$ 4,378	\$ 62,638
Due to primary government	29,416	20,186	49,602
Prepaid items	-	447	447
Land held for sale	428,556	-	428,556
 Total assets	 <u>\$ 516,232</u>	 <u>\$ 25,011</u>	 <u>\$ 541,243</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ -	\$ 4,109	\$ 4,109
Advance from primary government	79,845	-	79,845
Unearned revenue	29,416	20,186	49,602
 Total liabilities	 <u>109,261</u>	 <u>24,295</u>	 <u>133,556</u>
<b>Fund Balance</b>			
Unrestricted	<u>406,971</u>	<u>716</u>	<u>407,687</u>
 Total liabilities and fund balance	 <u>\$ 516,232</u>	 <u>\$ 25,011</u>	 <u>\$ 541,243</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Component Units**  
**Reconciliation of the Combining Fund Balances of Component Units**  
**to Net Position of Component Units**  
**September 30, 2015**

---

<b>Total fund balances for component units</b>	\$ 407,687
Total net position for component units in the statement of net position is different because:	
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(10,770)
Compensated absences	(2,637)
Long-term liabilities applicable to component units are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	<u>(595,000)</u>
<b>Net position of component units</b>	<u>\$ (200,720)</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Component Units**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2015**

	Local Development Finance Authority	Downtown Development Authority	Total
<b>Revenues</b>			
Taxes	\$ 63,955	\$ 41,385	\$ 105,340
Local contribution	35,000	33,000	68,000
Charges for service	-	4,847	4,847
Other revenue	23,776	340	24,116
Total revenues	<u>122,731</u>	<u>79,572</u>	<u>202,303</u>
<b>Expenditures</b>			
Current			
Community and economic development	24,037	86,471	110,508
Principal retirement	69,599	-	69,599
Total expenditures	<u>93,636</u>	<u>86,471</u>	<u>180,107</u>
Excess (deficiency) of revenues over expenditures	29,095	(6,899)	22,196
Fund balance- beginning of year	<u>377,876</u>	<u>7,615</u>	<u>385,491</u>
Fund balance - end of year	<u>\$ 406,971</u>	<u>\$ 716</u>	<u>\$ 407,687</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**Component Units**

**Reconciliation of the Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Component Units to the Statement of Activities**  
**For the Year Ended September 30, 2015**

---

**Net change in fund balances - Total Component Units** \$ 22,196

Total change in net position reported for component units in the statement of activities is different because:

Expenses are recorded when incurred in the statement of activities

Accrued interest	441
Compensated absences	(1,420)

Bond proceeds are reported as financing sources in the component unit funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit funds but reduces the liability in the statement of net assets.

Repayments of long-term debt	<u>35,000</u>
------------------------------	---------------

**Change in net position of component units** \$ 56,217

**City of Dowagiac**  
**Other Supplemental Information**  
**Schedule of Indebtedness**  
**September 30, 2015**

Year Ending June 30,	1997 GOLTB Building	2001 Promissory	2014 PNC Commercial	Total Governmental Activities	2010 Water & Sewer	Nubour Street Debt	Total Business Activities	Total Component Units 2007 Brownfield
2016	\$ 125,000	\$ 24,678	\$ 20,666	\$ 170,344	\$ 105,000	\$ 4,144	\$ 109,144	\$ 35,000
2017	130,000	26,727	20,666	177,393	105,000	4,144	109,144	35,000
2018	-	28,945	20,667	49,612	115,000	4,144	119,144	40,000
2019	-	31,348	20,667	52,015	120,000	4,144	124,144	40,000
2020	-	33,949	20,667	54,616	125,000	4,144	129,144	40,000
2021-2025	-	216,992	186,001	402,993	135,000	20,719	155,719	235,000
2026-2030	-	266,218	-	266,218	-	20,719	20,719	170,000
2031-2035	-	-	-	-	-	20,719	20,719	-
2036-2040	-	-	-	-	-	20,718	20,718	-
2041-2045	-	-	-	-	-	20,718	20,718	-
2046-2050	-	-	-	-	-	20,718	20,718	-
2051-2054	-	-	-	-	-	16,575	16,575	-
Total	<u>\$ 255,000</u>	<u>\$ 628,857</u>	<u>\$ 289,334</u>	<u>\$ 1,173,191</u>	<u>\$ 705,000</u>	<u>\$ 161,606</u>	<u>\$ 866,606</u>	<u>\$ 595,000</u>
Principal payments due	February	Monthly	December and June		December	December	December	May
Interest payments due	February and August	Monthly	December and June		December and June	December	December and June	May and November
Interest rate	5.30% - 5.40%	8.00%	3.50%		3.00% - 4.00%	3.750%	3.00% - 4.00%	4.000% - 4.375%
Original issue	<u>\$ 1,600,000</u>	<u>\$ 800,000</u>	<u>\$ 310,000</u>		<u>\$ 1,080,000</u>	<u>\$ 165,350</u>	<u>\$ 1,080,000</u>	<u>\$ 810,000</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule of Operating Revenues**  
**September 30, 2015**

---

**Operating revenues**

Demand response - fares	\$ 28,058
Other non-transportation revenues	<u>359</u>
Total operating revenues	<u><u>\$ 28,417</u></u>

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule Of Operating Expenses**  
**September 30, 2015**

	Operation	Maintenance	General Administration	Total System
<b>Labor</b>				
Operators' salaries	\$ 72,880	\$ -	\$ -	\$ 72,880
Other salaries	2,147	11,414	13,343	26,904
Dispatcher	31,889	-	-	31,889
<b>Fringe benefits</b>				
Other	16,731	1,822	2,663	21,216
Pension	7,409	399	10,668	18,476
Retiree Healthcare/OPEB obligation	81	-	76	157
<b>Services</b>				
Audit		-	338	338
Other services and City Admin	2,006	1,161	5,020	8,187
<b>Materials and supplies consumed</b>				
Fuels and lubricants	14,793	-	-	14,793
Tires and tubes	1,400	-	-	1,400
Other materials and supplies	7,564	720	429	8,713
<b>Utilities</b>				
Telephone	585	-	2,046	2,631
<b>Insurance</b>				
Casualty and liability insurance	859	-	517	1,376
Transfer to retention fund	378			378
<b>Rental</b>				
Building/office	600	-	-	600
<b>Depreciation</b>				
	8,666	-	-	8,666
<b>Miscellaneous expenses</b>				
Travel, meetings, training, RTAP	1,532	113	12	1,657
Other	2	-	-	2
<b>Total operating expenses</b>	<u>\$ 169,522</u>	<u>\$ 15,629</u>	<u>\$ 35,112</u>	<u>\$ 220,263</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule Of Non-Operating Revenues**  
**September 30, 2015**

---

**Local revenues**

City of Dowagiac - property taxes \$ 46,016

**Grants to purchase bus**

Federal 48,000

State 12,000

**State of Michigan operating grants**

Formula operating assistance 76,882

**Federal operating grant**

Federal Section 5311 - operating assistance 29,122

Rural transit assistance grant (RTAP) 1,495

30,617

**Transfer in from general fund**

Transfer in 170,000

**Interest**

Interest 3,839

Total non-operating revenues \$ 387,354

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule Of Net Eligible Costs Computation Of General Obligations**  
**September 30, 2015**

	Federal Section 5311	State Operating Assistance
<b>Expenses</b>		
Labor	\$ 131,673	\$ 131,673
Fringe benefits	39,849	39,849
Services	8,525	8,525
Materials and supplies consumed	24,906	24,906
Telephone	2,631	2,631
Casualty and liability insurance	1,754	1,754
Building, office and equipment rental	600	600
Depreciation	8,666	8,666
Miscellaneous	1,659	1,659
Total expenses	220,263	220,263
<b>Ineligible expenses</b>		
Audit	(338)	-
Expenses paid from other federal funds	(1,495)	-
Depreciation on assets purchased with federal and/or state funds	(8,666)	(8,666)
OPEB obligation expensed but not actually paid	(157)	(157)
Total ineligible expenses	(10,656)	(8,823)
Net eligible expenses	\$ 209,607	\$ 211,440
Net deficit - Section 5311	\$ 209,607	
Eligible Section 5311 reimbursement (18.5%)	\$ 38,777	
Eligible for state operating assistance:		
Maximum state operating assistance:		
Lesser of 36.3426% of expenses for state operating assistance or the City's prorated share of available funds.		
36.3426% of eligible expenses		\$ 76,843
But at least a minimum of its 1997 floor of		\$ 55,299

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule Of Detail Of Ineligible Expenses**  
**September 30, 2015**

---

	<u>Amount Ineligible</u>
<b>Audit</b>	\$ 338
Expenses paid with other federal funds are not eligible	
Travel (RTAP)	1,495
Depreciation associated with an asset purchased with federal/state funds is not eligible	
Buses/Equipment	8,666
OPEB obligation expensed but not actually paid	157
Total ineligible expenses	<u>\$ 10,656</u>

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Schedule Of Mileage, Vehicle Hours And Passenger Data**  
**September 30, 2015**

As required by the Michigan Department of Transportation, schedules of mileage, vehicle hours, and number of passengers transported for the year ended

**Mileage**

	Vehicle Miles
Demand - Response	
1st Quarter	11,874
2nd Quarter	13,004
3rd Quarter	13,915
4th Quarter	14,310
Total	<u>53,103</u>

**Vehicle Hours and Passengers**

	Vehicle Hours	Passengers - Regular	Passengers - Elderly	Passengers - persons w/ Disabilities	Passengers - elderly persons w/ Disabilities	Total Passengers	Days Operated
Demand - Response							
1st Quarter	1,078	3,478	1,578	1,388	349	6,793	60
2nd Quarter	1,026	3,166	1,652	1,411	346	6,575	57
3rd Quarter	1,116	2,443	1,709	1,577	406	6,135	63
4th Quarter	1,134	1,662	1,798	1,335	181	4,976	63
Total	<u>4,354</u>	<u>10,749</u>	<u>6,737</u>	<u>5,711</u>	<u>1,282</u>	<u>24,479</u>	<u>243</u>

**Notes**

- 1) The transit agency has an OPT approved cost allocation plan for Dowagiac Central Services. The CAP was adhered to in the preparation of the financial statements.
- 2) The methodology used for compiling mileage for regular service has been reviewed and the recording method has been found to be adequate and reliable.
- 3) The required nonfinancial information has been reviewed and is reported on the appropriate OAR.
- 4) No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses.
- 5) There are no expenses associated with 406xx Auxiliary Transportation Revenue or 407xx Nontransportation, Revenues and consequently there are no related ineligible expenses subtracted from eligible expenses.
- 6) In FY 2014-15, the City paid \$10,405 in 50220 DB Pensions. The minimum actuarial contribution was paid. The entire amount was expensed on the books and is included in total eligible expenses for the fiscal year ending 09/30/2015. The transit agency incurred \$157 in 50202 Other Post Employment Benefits (OPEB) and expensed the entire amount on its books. Of the \$157, \$0 was paid. Therefore, \$157 was subtracted out as ineligible in PTMS code 58007 Ineligible Fringe Benefits.
- 7) No depreciation expense is included for reimbursement.

**City of Dowagiac**  
**Other Supplemental Information**  
**D.A.R.T. Fund**  
**Notes to the Audited Financial Statements - OPEB**  
**September 30, 2015**

---

Annual Required Contribution	\$	1,428
Interest on net OPEB Obligation		332
Adjustment to Annual Required Contribution		<u>(175)</u>
Annual OPEB Cost (expense)		157
Contribution made		<u>-</u>
Increase in net OPEB Obligation		157
Net OPEB Obligation - Beginning of year		<u>4,749</u>
Net OPEB Obligation - End of year	\$	<u><u>4,906</u></u>



710 E. Milham  
Kalamazoo, MI 49002  
(269) 329.7007 / (800) 375.3968  
Fax (269) 329.0626

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Honorable Mayor and City Council  
City of Dowagiac

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dowagiac as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dowagiac's basic financial statements, and have issued our report thereon dated January 4, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dowagiac's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dowagiac's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dowagiac's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Dowagiac's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*  
Kalamazoo, MI  
January 4, 2016

***CITY OF DOWAGIAC***

---

***MEMO TO:*** Mayor Lyons and City Council Members

***FROM:*** Kevin P. Anderson, City Manager

***DATE:*** January 8, 2016

***SUBJECT:*** Easement Modification – Dailey Road Water Project

---

Phase two of the water extension project to serve the homes in the Pokagon Band community development project encountered several conflict with existing underground utilities during the construction. This project replaced the wells at existing homes and it is not unusual to move utilities to different locations than the engineering drawings when situations like this arise on a project. In this case it was necessary for the water-main to be moved outside the dedicated easements.

This document corrects the easements and required for proper documentation and meets the standards set forth by the Bureau of Indian Affairs (BIA).

**RECOMMENDATION**

Authorize the resolution to approve the easement modification for the Dailey Road Water Project.

Support Documents:

Cover Memo-City Mgr.

Resolution

Pokagon Band Modification Letter

Easement Modification Agreement

Resolution #1  
January 11, 2016

Councilmember \_\_\_\_\_ offered and moved the adoption of the following resolution;  
seconded by Councilmember \_\_\_\_\_.

WHEREAS, the City has worked with the Pokagon Band to provide municipal water service to their community development project on Dailey Road in LaGrange Township, and;

WHEREAS, an easement modification is necessary to complete the project and maintain accurate utility records,

NOW, THEREFORE BE IT RESOLVED that the City Manager be and hereby is authorized to execute any and all documents necessary and appropriate to effectuate said easement modification.

ADOPTED/REJECTED



Pokégnek Bodéwadmik ♦ Pokagon Band of Potawatomi  
Office of General Counsel

58620 Sink Road • Dowagiac, MI 49047 • [www.PokagonBand-nsn.gov](http://www.PokagonBand-nsn.gov)  
Phone (269) 783- 0970 • Fax (269) 782-7988  
[teresa.myers@pokagonband-nsn.gov](mailto:teresa.myers@pokagonband-nsn.gov)

January 5, 2016

Mr. Kevin Anderson  
City of Dowagiac  
241 South Front Street, POB 430  
Dowagiac, MI 49047

Re: Easement Modification – Daily Road

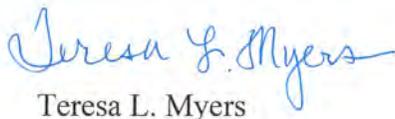
Dear Mr. Anderson:

Enclosed for your signature are three original Easement Modification that have been signed by Tribal Council.

Upon signing the original documents, please return them to me. I will then forward the originals to the Bureau of Indian Affairs for execution.

If you have any questions regarding this letter, please feel free to contact me.

Sincerely,

  
Teresa L. Myers

/t/m

Enclosures

RECEIVED  
JAN 06 2016

5-180m

Tract No. 480T17

5-180n

Contract No. \_\_\_\_\_

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
Bureau of Indian Affairs

Michigan Agency

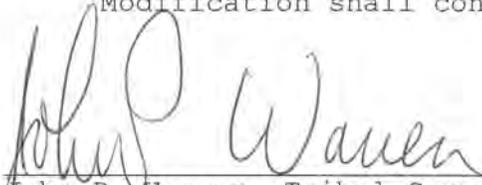
**\* Modification**

IT IS HEREBY AGREED by and between Pokagon Band of Potawatomi Indians, The City of Dowagiac, and the United States of America, acting by and through the Bureau of Indian Affairs, Department of the Interior, Michigan Agency,

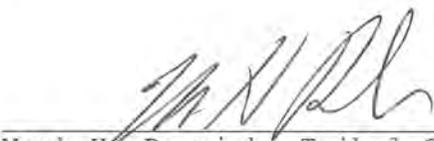
that Right of Way Contract No. \_\_\_\_\_ covering the Utility Right-of-Way ("Original Easement")

at Dowagiac, Michigan, be **\*\* modified** as follows:

1. The right-of-way described in the Original Easement shall also include the area described as Easement A and Easement B in the attached Exhibit A.
2. The Pokagon Band of Potawatomi Indians is not in any way relinquishing any regulatory or adjudicatory jurisdiction over the land encumbered by the right-of-way or easement in the Original Easement or in this Modification.
3. If there is any inconsistency between the terms of this Modification and the terms of the Original Easement, the terms of this Modification shall control.

  
John P. Warren, Tribal Council Chairman  
Pokagon Band of Potawatomi Indians

1-4-2016  
Date

  
Mark H. Parrish, Tribal Council Secretary  
Pokagon Band of Potawatomi Indians

1/4/2016  
Date

\_\_\_\_\_  
Kevin Anderson, City Manager  
City of Dowagiac

\_\_\_\_\_  
Date



The within \* Modification is hereby approved and declared to be made in accordance with the rules and regulations prescribed by the Secretary of the Interior thereunder, and now in force.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Bureau of Indian Affairs  
Michigan Agency

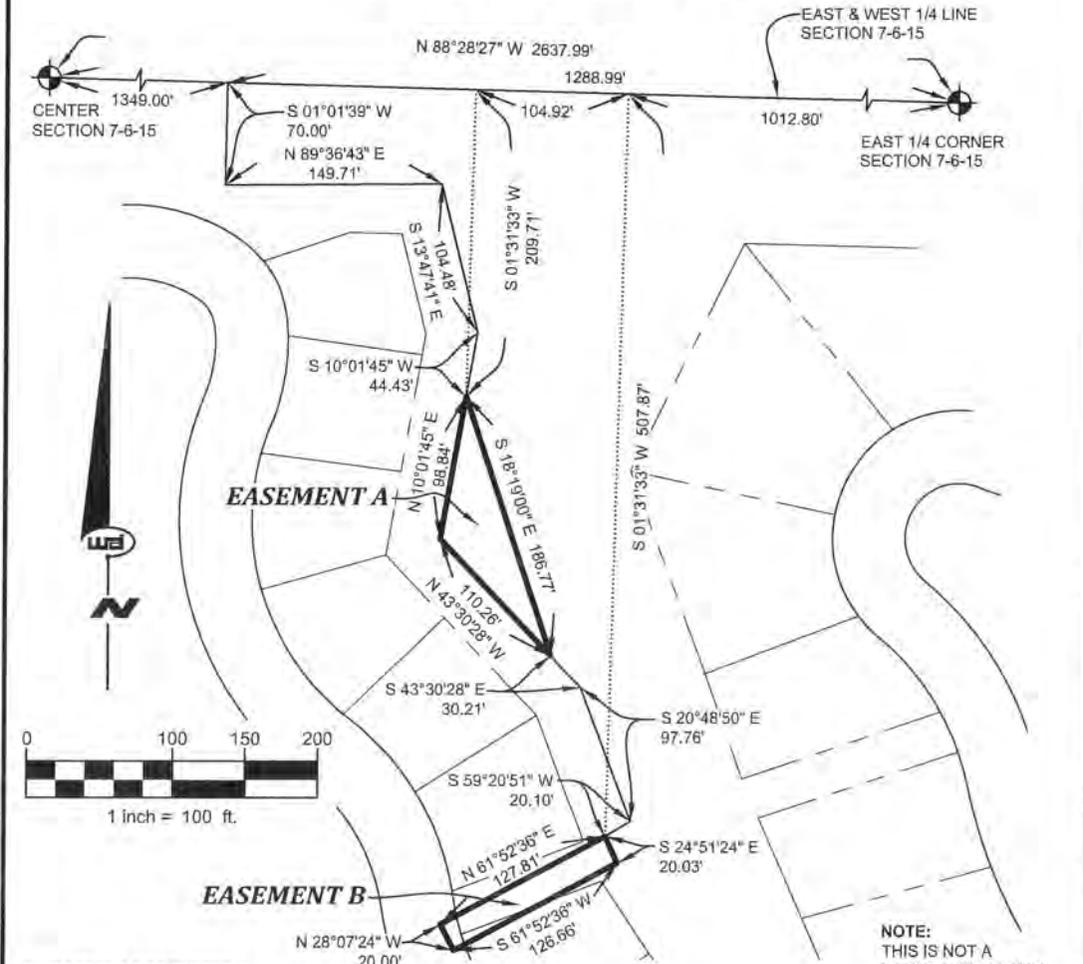
- \* Insert "Modification" or "Cancellation"
- \*\* Insert "Cancelled" or "Modification"

# EXHIBIT A

SHEET 1 OF 1

## EASEMENT SKETCH

EASEMENT AREA 7  
EASEMENT IN THE SOUTHEAST QUARTER OF  
SECTION 7, TOWNSHIP 6 SOUTH, RANGE 15 WEST,  
LAGRANGE TOWNSHIP, CASS COUNTY, MICHIGAN



**EASEMENT A DESCRIPTION:**

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 15 WEST, LAGRANGE TOWNSHIP, CASS COUNTY, MICHIGAN, DESCRIBED AS: COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 7; THENCE NORTH 88° 28' 27" WEST ON THE EAST AND WEST QUARTER LINE OF SAID SECTION 7 A DISTANCE OF 1288.99 FEET; THENCE SOUTH 01° 01' 39" WEST 70.00 FEET; THENCE NORTH 89° 36' 43" EAST 149.71 FEET; THENCE SOUTH 13° 47' 41" EAST 104.48 FEET; THENCE SOUTH 10° 01' 45" WEST 44.43 FEET TO THE POINT OF BEGINNING OF THE LAND HEREIN DESCRIBED SAID POINT ALSO BEING 209.71 FEET SOUTH 01° 31' 33" WEST AND 1117.72 FEET NORTH 88° 28' 27" WEST OF THE EAST QUARTER CORNER OF SAID SECTION 7; THENCE SOUTH 18° 19' 00" EAST 186.77 FEET; THENCE NORTH 43° 30' 28" WEST 110.26 FEET; THENCE NORTH 10° 01' 45" EAST 88.84 FEET TO THE POINT OF BEGINNING.

BEARINGS ARE RELATED TO THE MICHIGAN STATE PLANE COORDINATE SYSTEM, SOUTH ZONE.

**EASEMENT B DESCRIPTION:**

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 15 WEST, LAGRANGE TOWNSHIP, CASS COUNTY, MICHIGAN, DESCRIBED AS: COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 7; THENCE NORTH 88° 28' 27" WEST ON THE EAST AND WEST QUARTER LINE OF SAID SECTION 7 A DISTANCE OF 1288.99 FEET; THENCE SOUTH 01° 01' 39" WEST 70.00 FEET; THENCE NORTH 89° 36' 43" EAST 149.71 FEET; THENCE SOUTH 13° 47' 41" EAST 104.48 FEET; THENCE SOUTH 10° 01' 45" WEST 44.43 FEET; THENCE SOUTH 18° 19' 00" EAST 186.77 FEET; THENCE SOUTH 43° 30' 28" EAST 30.21 FEET; THENCE SOUTH 20° 48' 50" EAST 97.76 FEET; THENCE SOUTH 59° 20' 51" WEST 20.10 FEET TO THE POINT OF BEGINNING OF THE LAND HEREIN DESCRIBED SAID POINT ALSO BEING 507.87 FEET SOUTH 01° 31' 33" WEST AND 1012.80 FEET NORTH 88° 28' 27" WEST OF THE EAST QUARTER CORNER OF SAID SECTION 7; THENCE SOUTH 24° 51' 24" EAST 20.03 FEET; THENCE SOUTH 61° 52' 36" WEST 126.66 FEET; THENCE NORTH 28° 07' 24" WEST 20.00 FEET; THENCE NORTH 61° 52' 36" EAST 127.81 FEET TO THE POINT OF BEGINNING.

BEARINGS ARE RELATED TO THE MICHIGAN STATE PLANE COORDINATE SYSTEM, SOUTH ZONE.

WATER MAIN EASEMENT



**WIGHTMAN & ASSOCIATES, INC.**  
ENGINEERING ♦ SURVEYING ♦ ARCHITECTURE  
264 Western Avenue  
Allegan, MI 49010  
Phone: (269) 673-8465  
www.wightman-associates.com

CLIENT: POKAGON BAND OF POTAWATOMI INDIANS  
JOB No: 140678  
DATE: 11-05-2015  
SCALE: 1" = 100'  
DRAWN BY: BKG  
CHECKED BY:

LAGRANGE TOWNSHIP, CASS COUNTY, MICHIGAN

SECTION 7, T 6 S, R 15 W

A-140678-7

*CITY OF DOWAGIAC*

---

*MEMO TO:*           **Mayor and Council Members**

*FROM:*             **Kevin P. Anderson, City Manager**

*DATE:*              **January 8, 2016**

*SUBJECT:*          **Budget Amendments**

---

Each year budgets are reviewed on a quarterly basis for the purpose of making recommendations to Council to amend the budget based on actual financial activity and revised expectations. A review of the recommendations through the first quarter of Fiscal Year 2015-2016 is attached for your review and consideration.

RECOMMENDATION

Approve the resolution authorizing budget amendments as presented.

Support Documents:

Cover Memo – City Mgr.  
Resolution  
Budget Amendments

Resolution #2  
January 11, 2016

Councilmember \_\_\_\_\_ offered and moved the adoption of the following resolution;  
seconded by Councilmember \_\_\_\_\_.

**WHEREAS**, the City administration has reviewed the attached budgets for the 2015-16 fiscal year and the actual revenues and expenditures through the first quarter of 2015-16 fiscal year; and

**WHEREAS**, the City administration recommends revision of the attached budgets in accordance with the latest projections available; and

**WHEREAS**, the attached report for these funds indicates the current budget and the recommended budget revisions.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Dowagiac, by the affirmative vote of its City Council, does hereby adopt the attached, recommended revised budgets.

ADOPTED/REJECTED

A motion to make the following adjustments to the original budget.

Account	Description	Amount	Reason for Change
<b>101 General Fund</b>			
R	101-214-633.28	MSC Rehab Loan Fund Portion	(100) Decrease Budget
R	101-214-633.99	Depot Fund Portion	(100) Decrease Budget
R	101-265-651.00	Grounds & Recreation Fees	(15,750) Decrease Budget
R	101-336-607.50	Fire Class Training Fee Income	4,000 Increase Budget
R	101-804-696.10	Donations	3,000 Increase Budget
	101-191-801.00	Contractual/Professional Services	2,000 Increase Budget
	101-210-801.00	Contractual/Professional Services	10,000 Increase Budget
	101-263-946.00	Equipment Rental	2,400 Increase Budget
	101-301-740.02	Operations Supplies	50 Increase Budget
	101-301-956.61	Overhead/Equip Repla Trans to MPE	2,000 Increase Budget
	101-336-801.00	Contractual/Professional Services	1,500 Increase Budget
	101-336-873.50	Training Class Expenses	3,000 Increase Budget
	101-336-965.61	Overhead/Equip Repla Trans to MPE	(10,000) Decrease Budget
	101-336-970.00	Capital Items	1,800 Increase Budget
	101-804-853.00	Telephone	550 Increase Budget
	101-804-920.00	Utilities	1,000 Increase Budget
	101-804-970.00	Capital Items	4,000 Increase Budget
	101-985-965.00	Transfer to other funds	14,000 Increase Budget
	<b>Revenue</b>	<b>(8,950)</b>	<b>Expense 32,300</b>
			<b>Overall (41,250) Increase / (Decrease) Fund Bal.</b>
<b>202 Major Streets</b>			
	202-463-801.00	Paved Street Preservation	5,000 Increase Budget
	202-463-970.00	Capital Items	124,000 Increase Budget
	202-485-965.23	Transfer to Local Streets	(22,500) Decrease Budget
	<b>Revenue</b>	<b>-</b>	<b>Expense 106,500</b>
			<b>Overall (106,500) Increase / (Decrease) Fund Bal.</b>
<b>203 Local Streets</b>			
R	203-476-676.22	Transfer from Major Streets	(22,500) Decrease Budget
R	203-476-695.00	Miscellaneous Income	31,000 Increase Budget
	203-463-716.00	Health/Dental Insurance	(5,650) Decrease Budget
	203-483-946.00	Equipment Rental	(1,600) Decrease Budget
	<b>Revenue</b>	<b>8,500</b>	<b>Expense (7,250)</b>
			<b>Overall 15,750 Increase / (Decrease) Fund Bal.</b>
<b>208 Parks</b>			
R	208-718-540.00	State Grant	24,000 Increase Budget
R	208-718-676.00	Transfer from Other Funds	14,000 Increase Budget
	208-718-965.00	Transfer to Other Funds	38,000 Increase Budget
	<b>Revenue</b>	<b>38,000</b>	<b>Expense 38,000</b>
			<b>Overall - Increase / (Decrease) Fund Bal.</b>
<b>226 Solid Waste</b>			
	NO ADJUSTMENTS SUGGESTED		
	<b>Revenue</b>	<b>-</b>	<b>Expense -</b>
			<b>Overall - Increase / (Decrease) Fund Bal.</b>
<b>240 Industrial/Economic Development</b>			
R	240-261-676.52	Transfer from Electric Utility	(230,000) Decrease Budget
R	240-261-540.00	State Grant	250,000 Increase Budget
	240-261-801.00	Contractual/Professional Services	4,000 Increase Budget

240-261-970.00	Capital Projects - Misc	147,000	Increase Budget
240-261-970.09	Capital Project - 200 E Division	460,000	Increase Budget
240-261-970.10	Capital Project - 403 West	8,500	Increase Budget
240-261-990.00	Debt Service	(581,000)	Decrease Budget
240-261-995.00	Interest Expense	37,900	Increase Budget

**Revenue 20,000 Expense 76,400 Overall (56,400) Increase / (Decrease) Fund Bal.**

243 LDFA Project

243-729-956.10	City Hall Operational Overhead	(350)	Decrease Budget
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**Revenue - Expense (350) Overall 350 Increase / (Decrease) Fund Bal.**

244 Economic Development

NO ADJUSTMENTS SUGGESTED

**Revenue - Expense - Overall - Increase / (Decrease) Fund Bal.**

245 DDA - TIF Project

R 245-850-403.11	Captured Tax	(23,000)	Decrease Budget
245-850-702.00	Salaries & Wages	(4,000)	Decrease Budget
245-850-718.00	Retirement Contributions	(1,500)	Decrease Budget
245-850-801.00	Contractual Services	(15,750)	Decrease Budget
245-850-956.10	City Hall Operational Overhead	(1,750)	Decrease Budget

**Revenue (23,000) Expense (23,000) Overall - Increase / (Decrease) Fund Bal.**

252 Rehab Loan Payments

252-821-931.06	Design Review Incentive Program	3,000	Increase Budget
252-821-856.10	City Hall Operational Overhead	(150)	Decrease Budget

**Revenue - Expense 2,850 Overall (2,850) Increase / (Decrease) Fund Bal.**

255 Rental Rehab

NO ADJUSTMENTS SUGGESTED

**Revenue - Expense - Overall - Increase / (Decrease) Fund Bal.**

265 Municipal Facilities/Improvement

R 265-264-668.00	Rental Income	(18,000)	Decrease Budget
R 265-267-668.00	Rental Income	26,400	Increase Budget
R 265-269-668.00	Rental Income	16,200	Increase Budget
R 265-270-668.00	Rental Income	31,600	Increase Budget
265-264-880.00	Community Promotion	1,000	Increase Budget
265-264-931.00	Building Maintenance	600	Increase Budget
265-264-931.03	Property Maintenance	1,000	Increase Budget
265-264-956.00	Miscellaneous Expense	2,200	Increase Budget
265-264-965.00	Transfer to Other Funds	(12,000)	Reclass within Fund
265-264-970.00	Capital Items	155,000	Increase Budget
265-264-990.00	Debt Service	15,500	Increase Budget
265-267-725.00	Property Taxes	500	Increase Budget
265-267-931.00	Building Maintenance	600	Increase Budget
265-267-965.00	Transfer to Other Funds	12,000	Reclass within Fund
265-269-931.00	Building Maintenance	200	Increase Budget
265-269-965.00	Transfer to Other Funds	13,000	Increase Budget
265-270-853.00	Telephone	2,300	Increase Budget
265-270-920.00	Utilities	1,200	Increase Budget
265-270-931.00	Building Maintenance	1,500	Increase Budget

265-483-956.10	City Hall Operational Overhead	(700)	Decrease Budget			
	<b>Revenue</b>	<b>56,200</b>	<b>Expense</b>	<b>193,900</b>	<b>Overall</b>	<b>(137,700) Increase / (Decrease) Fund Bal.</b>
<hr/>						
266	City Drug Forfeiture					
	NO ADJUSTMENTS SUGGESTED					
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>
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268	Federal Drug Forfeiture					
	NO ADJUSTMENTS SUGGESTED					
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>
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499	Capital Project Fund					
	NO ADJUSTMENTS SUGGESTED					
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>
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582	Electric Utility					
R	582-440-676.00	Transfer from Other Funds	13,000	Increase Budget		
	582-442-853.00	Telephone	1,440	Increase Budget		
	582-483-728.00	Office Supplies	100	Increase Budget		
	582-850-801.00	Contractual/Professional Services	85,000	Increase Budget		
	582-483-965.00	Transfer to Other Funds	(230,000)	Decrease Budget		
	<b>Revenue</b>	<b>13,000</b>	<b>Expense</b>	<b>(143,460)</b>	<b>Overall</b>	<b>156,460 Increase / (Decrease) Fund Bal.</b>
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588	Dial A Ride Transportation					
	588-959-702.05	Administrative Salaries	4,900	Increase Budget		
	588-959-715.00	FICA Taxes	340	Increase Budget		
	588-959-716.00	Health/Dental Insurance	370	Increase Budget		
	588-959-716.25	Retiree Health	200	Increase Budget		
	588-959-718.00	Retirement Contributions	6,040	Increase Budget		
	588-959-728.00	Office Supplies	25	Increase Budget		
	588-959-801.00	Contractual/Professional Services	130	Increase Budget		
	588-959-910.00	General Insurance Coverage	570	Increase Budget		
	588-959-956.10	City Hall Operational Overhead	1,600	Increase Budget		
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>14,175</b>	<b>Overall</b>	<b>(14,175) Increase / (Decrease) Fund Bal.</b>
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590	Sewer Utility					
R	590-440-530.00	Federal Grant	8,000	Increase Budget		
R	590-440-540.00	State Grant	2,000	Increase Budget		
R	590-440-695.00	Miscellaneous Income	270,000	Increase Budget		
R	590-440-676.00	Transfer from Other Funds	38,000	Increase Budget		
	590-442-853.00	Telephone	1,200	Increase Budget		
	<b>Revenue</b>	<b>318,000</b>	<b>Expense</b>	<b>1,200</b>	<b>Overall</b>	<b>316,800 Increase / (Decrease) Fund Bal.</b>
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591	Water Utility					
	591-442-983.00	Meters	2,000	Increase Budget		
	591-483-910.00	General Insurance	(1,400)	Decrease Budget		
	591-536-716.00	Health Insurance	7,200	Increase Budget		
	591-536-910.00	General Insurance	1,800	Increase Budget		
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>9,600</b>	<b>Overall</b>	<b>(9,600) Increase / (Decrease) Fund Bal.</b>

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661	Motor Pool/Equipment					
R	661-932-676.61	Overhead/EQ Repl Trans From GF		(14,000)	Decrease Budget	
	661-932-716.00	Health/Dental Insurance		5,600	Increase Budget	
	661-932-946.00	Equipment Rental		(400)	Decrease Budget	
	<b>Revenue</b>	<b>(14,000)</b>	<b>Expense</b>	<b>5,200</b>	<b>Overall</b>	<b>(19,200) Increase / (Decrease) Fund Bal.</b>

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662	Computer Replacement Fund					
R	662-932-671.00	Equipment Rental		(15,500)	Reduce Budget	
	<b>Revenue</b>	<b>(15,500)</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>(15,500) Increase / (Decrease) Fund Bal.</b>

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677	Self Insurance					
		NO ADJUSTMENTS SUGGESTED				
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>

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678	Self Insurance - MMRMA					
		NO ADJUSTMENTS SUGGESTED				
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>

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711	Cemetery Trust					
		NO ADJUSTMENTS SUGGESTED				
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>

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733	Retiree Insurance					
		NO ADJUSTMENTS SUGGESTED				
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>-</b>	<b>Overall</b>	<b>- Increase / (Decrease) Fund Bal.</b>

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753	Public Art					
R	753-277-675.01	Donations		(1,500)	Decrease Budget	
	<b>Revenue</b>	<b>-</b>	<b>Expense</b>	<b>(1,500.00)</b>	<b>Overall</b>	<b>1,500 Increase / (Decrease) Fund Bal.</b>
		<b>All Funds</b>	<b>87,685</b>	<b>Increase / (Decrease) Fund Bal.</b>		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date Approved

Councilmember \_\_\_\_\_ offered and moved the adoption of the following resolution; seconded by Councilmember \_\_\_\_\_.

**WHEREAS,** the following information has been reviewed by the City Manager and City Treasurer and is being presented to City Council with a recommendation to approve invoices and payrolls #7 & #8 for the periods ending 01/07/16:

Invoices 12/23/15	\$148,276.79
Invoices 01/07/16	\$783,027.05
Payroll #7	\$189,389.31
Payroll #8	\$135,515.46
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Total	\$1,256,208.61

**BE IT RESOLVED** that the City Manager and City Treasurer are hereby authorized and directed to pay the following bills and payroll due:

<u>BILLS</u>	<u>PAYROLL</u>	<u>TOTAL</u>
\$931,303.84	\$324,904.77	\$1,256,208.61

Ayes:

Nays:

Absent:

Abstain:

Jane P. Wilson, City Clerk

Vendor		Description	Amount
ABSOPURE WATER COMPANY	83874032	BTL WATER/DEPOSITS	34.50
ACCOUNTING CONSULTANTS, PC	1536	CONSULTING SVC THROUGH 11/30/15	30.00
ADVANTAGE PLUMBING, INC	346599	INSTALL FITTINGS FOR PUMP - JES BLDG	297.00
AFFORDABLE AUTOMOTIVE SERVICE	12/22/2015	UB refund for account: 08-1208-9	55.15
AFLAC REMITTANCE PROCESSING SERVICE	12/22/15	REPLACE CHECK 29788	928.60
AIRGAS GREAT LAKES	9932189909	WELDING SUPPLIES	67.60
AMERICAN ELECTRIC POWER	049-501-336-1-3	CCWS - VANDALIA TOWER	26.22
AMERICAN ELECTRIC POWER	040-050-210-0-3	VINEYARD PLACE LIFT STATION	36.84
AMERICAN ELECTRIC POWER	044-619-354-0-7	M-62 W LIFT STATION	60.75
AMWAY GRAND PLAZA HOTEL	12/18/15	RESERVATION 3219496145 MI CHIEF OF	660.00
ANDERSON, KEVIN	12/15/15	BYOD CELL PHONE (OCT, NOV & DEC)	180.00
AUSRA EQUIPMENT & SUPPLY, INC	IN84009	ENG/AIR/CAB/HYD/FUEL FILTERS	275.83
AUSRA EQUIPMENT & SUPPLY, INC	ES01262	#80 - PALLET FORKS FOR SKID STEER	750.00
AUSRA, JOANN	12/15/15	DEC 2015 BOARD OF REVIEW	25.00
AUTO VALUE	642282	LIMITED SLIP ADD OIL (#150)	9.62
AUTO VALUE	642302	GEAR OIL (#150)	38.40
AUTO VALUE	377-10021	ROOF SEALANT (#101)	20.99
AUTO VALUE	642906	GREEN TAPE (UNDER COATING)	33.64
BERRIEN COUNTY COUNCIL FOR CHILDREN	2015-139	FORENSIC INTERVIEW	250.00
BERRIEN COUNTY COUNCIL FOR CHILDREN	2015-140	FORENSIC INTERVIEW	250.00
BERRIEN COUNTY COUNCIL FOR CHILDREN	2015-291	FORENSIC INTERVIEW	250.00
CASS COUNTY CLERK	12/21/15	NOV 3RD, 2015 SPECIAL ELECTION	1,641.19
CENTER MEDICAL SUPPLY CO INC	1289443	MEDICAL FURNITURE - J SNOW BLDG (ADV	3,415.00
CENTER MEDICAL SUPPLY CO INC	1289161	MEDICAL FURNITURE - J SNOW BLDG (ADV	10,694.25
CINTAS LOCATION #336	5004127196	CH - FIRST AID CABINET	59.92
CINTAS LOCATION #336	5004127195	DPS GARAGE & MVP FIRST AID CABINET	216.03
CINTAS LOCATION #336	5004050509	DPS GARAGE - FIRST AID CABINET	199.25
CINTAS LOCATION #336	5004050508	WWTP - FIRST AID CABINET	129.70
CINTAS LOCATION #336	5004050511	CH - FIRST AID CABINET	107.43
CLARK, NICOLE	12/22/2015	UB refund for account: 17-2111-1	20.28
CLINE, JEAN	12/15/15	DEC 2015 BOARD OF REVIEW	25.00
COMCAST	8771402380021236	INTERNET SERVICE - CH	129.41
CREATIVE VINYL SIGNS, INC.	30696	M-62 SIGNAGE FOR DETOURS	177.20
DARLENE SERRATOS	12/22/15	DRYWALL - ATTY OFFICE (JES BLDG)	4,500.00
DAVIS, DAVID	287243883201	TX REIMBURSEMENT 10/18 - 11/17/15	45.00
DES MOINES STAMP MANUFACTURING CO	1058127	HD DATER	70.00
DESMOND LATHAN	12/21/15	AWARD AMOUNT	450.00
DOUBLEDAY OFFICE PRODUCTS, INC	170573I	FILES - 6002	22.90
DUST BUSTERS	12/21/15	CLEANING SERVICES 01/16	1,625.00
ENGINEERING SUPPLY & IMAGING CORP	73720	PAPER	48.86
ETNA SUPPLY	S101666598.001	COUPLINGS - STOCK/BOLTS & GASKETS	576.80
ETNA SUPPLY	S101666534.001	FERNCOS/ELBOWS - STOCK	226.74
FED EX	5-256-91783	POSTAGE	160.44
FIA CARD SERVICES	11/10/15	MEETING W/CASS COUNTY ADMIN	19.94
FIA CARD SERVICES	08452C	ECON DEV MEETING	33.57
FIA CARD SERVICES	3922429	WINDOW COVERINGS - ADV DERM (JES BLDG)	1,202.46
FIA CARD SERVICES	000001	JES BLDG - ATTORNEY AREA (DOORS &	4,273.00
FIA CARD SERVICES	MHFBGZ16W7	IPHONE BACKUP MONTHLY SUBSCRIPTION	0.99
FIA CARD SERVICES	11/25/15	REPAIR MATT'S PHONE	103.05

Vendor		Description	Amount
FIA CARD SERVICES	2869035019	FAX SERVICE - LIFT STATION ALARMS	24.99
FIA CARD SERVICES	3776354008	LIFT STATION ALARMS - FAX SERVICE	24.99
FIA CARD SERVICES	D5347	WWTP LAB SUPPLIES	67.50
FIVE BROTHERS	12/22/2015	UB refund for account: 01-1807-2	46.58
GHD SERVICES INC	730594	OMM ACTIVITIES	1,564.75
GRAMES TIRE & BATTERY, INC	4946	4 NEW TIRES (#1)	523.80
GRAMES TIRE & BATTERY, INC	4910	5 NEW TIRES (#155)	785.00
GREATER DOWAGIACCHAMBER OF COMMERCE	12/16/15	ANNUAL DUES	120.00
HAAS ALARMS AND SERVICE, INC	065324	REPLACE ALARM KEYPAD - PARKS SHOP	152.49
HAAS ALARMS AND SERVICE, INC	065332	WTP - REPLACE WATER BUG SENSOR	162.99
HAGGIN FORD & MERCURY INC	238814	OIL CHANGE PD VEH #132	49.86
HAGGIN FORD & MERCURY INC	12/17/15	FEED THE HUNGRY DECAL ADVERTISING	150.00
HALE'S HARDWARE, INC	C143605	KEYS - RED BOX	6.17
HALE'S HARDWARE, INC	C143186	OPERATING SUPPLIES/EQ MTCE	44.58
HALE'S HARDWARE, INC	C143254	INNERTUBE (COVER SALTBOX CONNECTIONS)	6.30
HALE'S HARDWARE, INC	C143082	TERMINALS/FASTENERS	7.02
HALE'S HARDWARE, INC	C143048	LIGHT BULBS - FLASHLIGHTS	4.16
HALE'S HARDWARE, INC	10109962	3V LITHIUM BATTERIES/OVERHEAD DOORS	21.98
HALL, DONALD	12/15/15	DEC 2015 BOARD OF REVIEW	25.00
HARDING'S MARKET, INC	3625	SUPPLIES	39.96
HERITAGE CRYSTAL CLEAN, INC	13816163	ENERGY SURCHARGE/MACHINE SERVICE ONLY	161.90
HISTORIAL SOCIETY OF MICHIGAN	12/16/15	ANNUAL DUES	65.00
HOWLEY, TAMARA	12/22/2015	UB refund for account: 01-2831-5	415.93
IBEX INSURANCE AGENCY	12/15/15	HEALTH INSURANCE PREMIUM-JAN 2016	2,068.63
IDEXX DISTRIBUTION CORP	295898314	WATER DISTR. COLIFORM	1,070.21
ITRON, INC	399185	CCWS CONTRACT SERVICES	12,285.62
JUDD LUMBER COMPANY, INC	1512-668198	NUTS/BOLTS/SCREWS (PD DROPBOX)	4.29
JUDD LUMBER COMPANY, INC	1512-668192	TAPCON SCREWS (PD DROPBOX)	1.98
JUDD LUMBER COMPANY, INC	1512-668176	PAINT CONDITIONER - NEW PARKS BARRELS	16.99
JUDD LUMBER COMPANY, INC	1512-668209	PAINT THINNER (TRASH CANS)	8.79
JUDD LUMBER COMPANY, INC	1512-668016	WO 15-1021 (SAFETY GLASSES/CONDUIT)	120.28
JUDD LUMBER COMPANY, INC	1512-668234	WO 15-1021 (EQ RENTAL MINI LOADER,	225.00
JUDD LUMBER COMPANY, INC	1512-668417	DRYWALL SHEETS - ATTY OFFICE (JES BLDG)	33.39
JUDD LUMBER COMPANY, INC	1512-667607	WOOD FOR EXHIBIT STAGE	40.98
JUDD LUMBER COMPANY, INC	1512-668096	WO 15-1021 MINI LOADER RENTAL W/TRENCHER	165.00
JUDD LUMBER COMPANY, INC	1512-668524	CORNER BEAD - ATTY OFFICE (JES BLDG)	3.79
K M INTERNATIONAL, INC	8766	#155 - IGNITER & CONTROL BOARD	799.79
KEESLER, DARYL	12/22/2015	UB refund for account: 03-2604-2	149.51
KOTZ SANGSTER WYSOCKI PC	366107	LEGAL SERVICES	10,485.68
KROOK CONTAINER, INC	368	55 GAL STEEL DRUMS - PARKS/CEMETERY	140.00
KW CONSTRUCTION SERVICES, LLC	126568-30	CREW SUPERVISION 10/14 - 12/8	568.00
LAKE MICHIGAN MAILERS, INC	338087	POSTAGE	5,000.00
LAKELAND HEALTHCARE	12/8/15	CDL MED EXAM	100.00
MADISON NATIONAL LIFE INS CO, INC	12/22/15	LIFE INSURANCE JAN 2016	1,145.05
MARSHALL, MARCUS & BROWN	12/22/2015	UB refund for account: 08-2228-13	71.07
MI ASSOCIATION CHIEFS OF POLICE	200000512	CHIEF'S CONFERENCE - BRADFORD	255.00
MI ASSOCIATION CHIEFS OF POLICE	200000507	CHIEF'S CONFERENCE - GRINNEWALD	255.00
MICHIGAN STATE FIREMEN'S ASSOC	11/24/15	2016 MEMBERSHIP	75.00
MMTA	12/14/15	2016 MMTA DUES	50.00

Vendor		Description	Amount
MOTTL, DOROTHY L	12/22/2015	UB refund for account: 10-0858-2	54.69
MWEA	E16061	ASSET MGMT SEMINAR - B STEVENS	130.00
NRPC-AMTRAK	043201	GRADE XING MTCE FEE-HIGH/PARK/PR RONDE	6,912.00
OMG NATIONAL	N1023975	STICKERS/PENCIL - PUB ED	449.34
PAYNE, RODNEY LEE	12/22/2015	UB refund for account: 13-1644-2	28.58
PEOPLES, BEVERLY	12/22/2015	UB refund for account: 16-1864-10	127.62
PETTY CASH	12/14/15	PETTY CASH REIMBURSEMENT	168.65
PETTY CASH	12/22/15	PETTY CASH REIMBURSEMENT	112.87
POLLARDWATER.COM	0030776	HYDRANT METER PARTS	136.51
POWER LINE SUPPLY, INC	5982813	PIN INSULATORS - STOCK	84.64
POWERNET GLOBAL COMMUNICATIONS	35756726	LONG DISTANCE SERVICE 11/12 - 12/12/15	28.21
PRECISION DATA PRODUCTS, INC.	I0000450790	TONER/CAMERA CARD READER/UPS	173.45
PRIORITY COMPUTER SERVICES, INC	203994	FIREWALL REPLACEMENT	955.00
PVS TECHNOLOGIES, INC	204239	FERROUS CHLORIDE - WWTP	2,159.38
REAL PRO SOLUTIONS, LLC	SP292	CCWS - PLOW PENN PUMP HOUSES	70.00
REAL PRO SOLUTIONS, LLC	SP293	CCWS - PLOW VANDALIA TOWER	60.00
REBECCA GRABEMEYER	12/15/15	BYOD CELL PHONE (OCT, NOV & DEC)	180.00
ROHDY'S HEATING & COOLING, LLC	0000007055	MTCE & SAFETY CHECK	290.00
ROHDY'S HEATING & COOLING, LLC	0000007095	CH - HEATING MTCE & SAFETY CHECK	525.00
ROTH, WILLIAM	12/22/2015	UB refund for account: 13-1684-2	130.20
RUBINO, EILEEN R	12/22/2015	UB refund for account: 05-1138-3	119.73
SCHERER, JOE DBA LONELY PI	12/21/15	01/16 MONTHLY PMT ACCT 7508450033	6,174.53
SCHERR, ROZANNE	12/15/15	BYOD CELL PHONE (OCT, NOV & DEC)	180.00
SEARS	036109029803	SHOP VAC FILTERS	19.07
SEARS	036109029540	ADV DERM - WASHER/DRYER HOSES	52.97
SEMCO ENERGY GAS COMPANY	0147944.500	GAS SVC 10/29 - 11/30/15	45.50
SEMCO ENERGY GAS COMPANY	0149077.500	GAS SVC 10/30 - 12/01/15	238.77
SEMCO ENERGY GAS COMPANY	0149089.500	GAS SVC 10/30 - 12/01/15	98.34
SEMCO ENERGY GAS COMPANY	0357529.501	GAS SVC 10/30 - 12/01/15	35.32
SEMCO ENERGY GAS COMPANY	0357530.501	GAS SVC 10/30 - 12/01/15	18.54
SEMCO ENERGY GAS COMPANY	0148809.501	GAS SVC 10/30 - 12/01/15	222.74
SEMCO ENERGY GAS COMPANY	0148902.500	GAS SVC 10/30 - 12/01/15	173.53
SEMCO ENERGY GAS COMPANY	0146763.501	GAS SVC 10/29 - 11/30/15	289.82
SEMCO ENERGY GAS COMPANY	0149080.500	GAS SVC 10/30 - 12/1/15	211.68
SEMCO ENERGY GAS COMPANY	0149138.502	GAS SVC 10/30 - 12/01/15	56.44
SHARE CORPORATION	933675	SALT NEUTRALIZER (ALL TRUCKS)	106.20
SHELL OIL COMPANY	00000000652605235	NOV FUEL CHARGES	71.01
SIRCHIE FINGER PRINT LABORATORIES	0233942-IN	EVIDENCE SUPPLIES	82.40
STAPLES BUSINESS ADVANTAGE	714730-6296-	REFUND SALES TAX	(20.69)
STAPLES BUSINESS ADVANTAGE	8037068654	COPY PAPER	365.54
STATE OF MICHIGAN	12/1/15	STORAGE TANK ANNUAL CERT FEE	61.50
STATE OF MICHIGAN	12/14/15	TAX BILL OVERPAYMENT (14-160-500-432.00)	33.10
SWINK, MIKE	12/22/2015	UB refund for account: 15-0762-18	67.43
TERMINIX	350615339	PEST CONTROL - CH	120.00
TERRY WHEELER	12/17/15	REIMBURSE FOR SEWER RODDING - 311	225.00
THE GARMENT DISTRICT	5	UNIFORM CLEANING	48.75
THE RIDGE COMPANY	648944	OIL FILTER/SPARK PLUG	11.99
THE RIDGE COMPANY	648811	AIR/FUEL/OIL FILTERS (#150)	103.40
THE RIDGE COMPANY	648521	RADIATOR (#3)	117.23

Vendor		Description	Amount
THE RIDGE COMPANY	648690	RADIATOR (#3) - CREDIT	(117.23)
THE RIDGE COMPANY	648099	TORCH GLASSES	2.29
THE RIDGE COMPANY	648468	#06F - MUD FLAPS	23.46
THE RIDGE COMPANY	649431	GREASE COUPLER - SHOP TOOL	8.88
THE RIDGE COMPANY	649412	HOSE (GREASE GUN)	26.88
THE RIDGE COMPANY	648810	HYDR FILTER (#150)	120.50
THE RIDGE COMPANY	649147	HAND HELD TORCH (#155)	74.34
THE RIDGE COMPANY	649348	GEAR OIL (#150)	68.28
THE RIDGE COMPANY	649172	OIL FILTER (VALVE TURNER)	6.61
THE RIDGE COMPANY	649357	FUNNEL (PIG FORM) - SHOP TOOL	20.69
THE RIDGE COMPANY	649337	FUEL FILTER (#150)	22.41
THE RIDGE COMPANY	649370	DRI-CLEAN/ARMOR ALL/GLASS	33.98
THE RIDGE COMPANY	649651	AIR ADJUST VALVE (DPS GARAGE)	11.44
THE RIDGE COMPANY	649912	TOGGLE SWITCH (#155)	17.83
THE RIDGE COMPANY	650094	#2 WIPER BLADES	20.78
TOXOPEUS, DAVID	287248782175	CELL PHONE REIMBURSEMENT 11/19 -	60.00
ULINE	73112678	EVIDENCE SUPPLIES	53.52
US BUSINESS SYSTEMS, INC	IN63879	STAPLES - COPY MACHINE	96.50
US BUSINESS SYSTEMS, INC	IN63697	BILLING/C MANAGER -- PRINTER MTCE	1,174.44
US BUSINESS SYSTEMS, INC	IN63695	QUARTERLY PRINTER MAINT - UTILITIES	453.09
US BUSINESS SYSTEMS, INC	IN63696	PRINTER QUARTERLY MTCE - PD	828.02
USA BLUEBOOK	821968	LAB SUPPLIES	27.82
USA BLUEBOOK	822302	LAB SUPPLIES	404.93
VANDERVRIES, EDWARD	12/21/15	ASSESSING SERVICES 01/16	1,775.00
WASTE MANAGEMENT OF MICHIGAN, INC.	7436418-2529-9	20 YD DUMPSTER	500.55
WEST SHORE FIRE REPAIR, INC	10544	REPLACEMENT LOCKING RINGS	140.82
WEST SHORE FIRE REPAIR, INC	10519	AIR PAKS/KEVLAR STRAPS	1,236.80
WEST SHORE FIRE REPAIR, INC	10503	EQUIPMENT CLEANER	78.94
WEST SIDE TRACTOR SALES	U24425	#150 - 1000 HR SERVICE	222.98
WEST SIDE TRACTOR SALES	U24225	FILTER ELEMENT/FILTER/FREIGHT #80	222.98
WEST, DUSTIN	12/22/2015	UB refund for account: 05-1037-4	10.27
WIGHTMAN & ASSOCIATES, INC	51368	QUALITY OF LIFE PROJECTS	44,396.63
ZBATTERY.COM, INC	I169269	BATTERIES	82.83
Total:			148,276.79

Vendor		Description	Amount
1ST SOURCE BANK	1-6-16	PURCHASE \$2,000 CD FOR PUBLIC ART FUND	2,000.00
1ST SOURCE BANK	1/6/16	PURCHASE \$150,000 CD - REPLACE CD	150,000.00
ACD.NET	88889-111	MONTHLY PHONE SERVICE - CH	718.48
ALLEN SUPPLY	32129	DOORS - ATTY OFFICE	4,607.00
ALLEN SUPPLY	31654	MEDICAL SUITE	7,801.00
ALLEN SUPPLY	31658	MEDICAL SUITE	242.00
AMERICAN ELECTRIC POWER	042-624-227-0-4	CCWS - M 60 CATV RADIO	13.07
AMERICAN ELECTRIC POWER	043-149-774-1-6	NUBOUR BOOSTER STATION	84.25
AMERICAN ELECTRIC POWER	048-197-857-0-2	ST LIGHTS - MARCELLUS HWY	10.04
APX, INC	3005	MIRECS - LOAD BASED FEE	57.13
AREA WIDE PROTECTIVE	259240	GOERLICH BLDG - ROAD CLOSURE/DETOUR	460.00
ARTISTIC DESIGN CONCEPTS	12/29/15	INSTALL AWNING - JES BLDG	1,195.00
AUSRA EQUIPMENT & SUPPLY, INC	IN84009A	AIR/FUEL FILTERS (#80)	63.25
AUTO VALUE	377-10306	OUTER TIE ROD END - CODE CAR	74.58
AUTO VALUE	377-10144	UNDERCOATING FOR STOCK	24.69
AUTO VALUE	377-10149	DISTRIB. ROTOR & CAP/IGNITION COIL (#2-	54.87
AUTO VALUE	377-10208	BATTERY/OIL FILTER (#1)	85.61
BARRIE CHAPMAN	1/4/16	OVERPAYMENT OF TAXES (14-160-300-728-00)	50.00
BEHNKE, MATT	188095349108	TX REIM - BEHNKE (11/14/15 - 12/13/15)	60.00
BILL GRANT	1/7/16	MUSEUM CLEANING - DEC 2015	238.00
BRADFORD, JARRID	287248950627	CELL PHONE REIMBURSMENT 11/7 - 12/6/15	60.00
CBR INDUSTRIES	2015314	MEDICAL SUITE	12,836.60
CENTER MEDICAL SUPPLY CO INC	1290515	MEDICAL FURNITURE - J SNOW BLDG (ADV	2,211.00
CENTRAL ELEVATOR COMPANY, INC	62854	QUARTERLY INSPECTION & SERVICE	138.02
CENTRAL PLUMBING INC.	15-2365	MEDICAL SUITE	15,162.30
CHORBA CONSTRUCTION	12/22/15	HOWELL DR PATCH	625.00
CINTAS LOCATION #336	5004050510	MEDICINE CABINET SUPPLIES	69.82
CINTAS LOCATION #336	5004127197	WWTP - FIRST AID CABINET	91.38
CITY OF DOWAGIAC	001080	WINTER 2015 TAX BILL - TWISTEES	260.99
CITY OF DOWAGIAC	000841	WINTER 2015 TAX BILL - WEAVER BLDG	936.34
CITY OF DOWAGIAC	001715	WINTER 2015 TAX BILL - 303 PARSONAGE	187.12
CITY OF DOWAGIAC	001716	2015 WINTER TAX BILL - 403 WEST ST.	533.51
CITY OF DOWAGIAC	002000	2015 WINTER TAX BILL - 101 CASS AVE	805.31
CITY OF DOWAGIAC	002633	WINTER 2015 TAX BILL - 504 KEENE AVE	124.76
CITY OF DOWAGIAC	002777	WINTER 2015 TAX BILL - 200 E DIVISION	1,005.37
CITY OF DOWAGIAC	000083	WINTER 2015 TAX BILL - 305 PENN AVE.	605.09
CITY OF DOWAGIAC	000138	WINTER 2015 TAX BILL - WALNUT ST.	53.86
CITY OF DOWAGIAC	000190	WINTER 2015 TAX BILL - 518 WALNUT ST.	21.38
CITY OF DOWAGIAC	000264	WINTER 2015 TAX BILL - 400 JOHNSON ST.	18.41
CITY OF DOWAGIAC	000763	WINTER 2015 TAX BILL - 110 ASHLAND ST.	321.47
CITY OF DOWAGIAC	000816	WINTER 2015 TAX BILL - 309 W DIVISION	21.41
CITY OF DOWAGIAC	000825	WINTER 2015 TAX BILL - 307 COMMERCIAL	201.21
COMMUNITY ANSWERING SERVICE	2628010416	DISPATCHING SERVICE	140.00
CORNELIA DAVIS	12/22/15	TAX BILL OVERPAYMENT 14-160-100-739-00	10.02
CORTEZ FLOORING INC.	1267	MEDICAL SUITE	2,552.61
COX, JODY	01/07/2016	UB refund for account: 06-3126-13	68.22
DANIELLE LUCAS	12/28/15	REPLACE CHECK #29141	265.65
DORNBOS SIGN & SAFETY, INC	INV24413	SIGN POSTS	431.00
DORNBOS SIGN & SAFETY, INC	INV24414	NO PARKING SIGNS/25 MPH SIGNS	654.24

Vendor		Description	Amount
DOWAGIAC UNION SCHOOLS	201516-95	FUEL EXPENSES-DEC 2015	4,033.83
DRAIN COMMISSIONER	12/8/15	2015 SPECIAL DRAIN ASSESSMENTS	5,166.26
EDDIE WAINWRIGHT	1/5/16	PLUMB/MECH INSPECTIONS DEC 2015	943.60
FAIRFIELD INN	1/4/16	RESERVATION #83572282 EVANS 1/19 -	238.50
FLEETMatics USA, LLC	IN905994	VEHICLE TRACKING SERVICE	280.00
FLEIS & VANDENBRINK ENGINEERING INC	42073	BIDDING & CONTRUCTION SERVICES - WWTP	15,875.96
FRONTIER	23118907970401035	PHONE SERVICE [11/20 - 12/19/15]	919.40
FRONTIER	26978201001022145	PHONE SERVICE - SNOW BLDG	190.20
GRAMES TIRE & BATTERY, INC	4953	TIRE BALANCE #132	32.00
GREATER DOWAGIACCHAMBER OF COMMERCE	12/9/15	2016 MEMBERSHIP DUES	265.00
HAAS ALARMS AND SERVICE, INC	1496	REPAIR OF DOOR ALARM SENSOR	70.00
HALE'S HARDWARE, INC	C142979	WO 15-1021 - CONDUIT/ELBOWS/COUPLINGS	33.72
HALE'S HARDWARE, INC	D100947	TORQ BLADES	38.78
HALE'S HARDWARE, INC	10109480	POWER INVERTER - PARADE	39.99
HALE'S HARDWARE, INC	B99639	USA FLAGS	71.76
HALE'S HARDWARE, INC	D100435	MOUNT BRACKET (#105 CB RADIO)	19.39
HALE'S HARDWARE, INC	D100553	OP SUPPLIES/EQ MTCE	15.01
HALE'S HARDWARE, INC	C144406	OP SUPPLIES	30.06
HALE'S HARDWARE, INC	D100983	REPLACEMENT FOR MICROWAVE OVEN - FD	169.75
HANSON BEVERAGE SERVICE	463462	DISTILLED WATER	50.00
HANSON BEVERAGE SERVICE	473081	DISTILLED WATER	50.00
HARDIN, R. WAYNE	1/5/16	DEC 2015 BLDG INSPECTIONS	2,706.00
HARTLINE, BOBBIE JO	12/31/15	2015 SOCIAL MEDIA - CELL PHONE AND	1,056.00
HARTLINE, BOBBIE JO	12/23/15	REIMBURSE - STAMPS, COUNCIL WORKSHOP &	111.00
HUNT, MAXINE	01/07/2016	UB refund for account: 16-1840-2	94.93
IBEX INSURANCE AGENCY	0039500832	HEALTH INSURANCE PREMIUM-JAN 2016	56,868.40
INTERNET BUSINESS SOLUTIONS, INC.	16568	MONTHLY WEBSITE MTCE	39.95
INTERPHASE	46192	MEDICAL SUITE	3,893.86
J & H OIL COMPANY	10869301	CEMETERY GAS	331.43
JOHN A VYLONIS	370	FOUNDATION REPAIR ESTIMATE	108.00
JUDD LUMBER COMPANY, INC	1512-668132	WO 15-1021 - WIRE (W DIVISION ST LIGHTS)	122.50
JUDD LUMBER COMPANY, INC	1601-669151	SNOW SHOVEL/GLOVES	27.98
JUDD LUMBER COMPANY, INC	1512-668479	REDI-MIX GRAVEL CEMENT (501 MAIN ST	22.92
JUDD LUMBER COMPANY, INC	1512-668583	SHOVELS/CEMENT SAND MIX (501 MAIN ST)	28.70
KEN SIMPSON	160113	DEC 2015 ELECTRICAL INSPECTIONS	691.20
KENT RECORD MANAGEMENT, INC	0057122	SHREDDING SVC DEC 2015	30.00
KEYSTONE MANAGEMENT CONCEPTS	1/5/16	EVANS - MFIS SEMINAR	216.18
LAWSON PRODUCTS, INC	9303758835	CABLE TIES	134.99
LD DOCSA ASSOCIATES, INC	11391	WWTP IMP. PROJECT - PAYMENT REQ. #4	59,445.00
LEADER PUBLICATIONS, INC	107974	MISC PUBLICATIONS	166.00
LEADER PUBLICATIONS, INC	107976	AD - TIPOFF SPORTS	119.20
MALCOLM EBLIN	12/31/15	REIMBURSE SEWER RODDING - 206 COURTLAND	250.00
MELCHING DEMOLITION & DISMANTLING	12/28/15	BIG GREY DEMO - 2ND PAYMENT	131,000.00
MI ASSOCIATION CHIEFS OF POLICE	300000440	1 YEAR MEMBERSHIP	115.00
MI COMMUNITY ACTION AGENCY ASSOC	01/06/16	EU-MONTHLY PYMT ALLOCATION-1/16	12,076.00
MI MUNICIPAL ELECTRIC ASSOCIATION	28125	2016 MEMBERSHIP DUES/SPECIAL ASSESSMENT	10,355.00
MI MUNICIPAL WORKERS COMP FUND	4466204	WORK COMP PREMIUM	11,067.00
MIDWEST ENERGY	3503301	CCWS-WELL HOUSES	1,116.02
NANCY LEONARD	12/21/15	2015 BOARD OF REVIEW REFUNDS	25.03

Vendor		Description	Amount
NORMAN PERRY TROPHIES & ENGRAVING	045014	BENCH PLAQUE	124.50
PARAGON LABORATORIES, INC	84010-89773	MERCURY TESTING	88.00
PARAGON LABORATORIES, INC	84010-89772	SECURIT - IPP SAMPLING	360.00
PHILLIPSON, VICKIE	1/7/16	REIMBURSE FOR 3 NEW MIC CORDS - DOA	112.32
POSTMASTER	01/06/16	PO BOX 430 SERVICE FEE	274.00
PRECISION DATA PRODUCTS, INC.	I0000451889	REPLACEMENT UPS - PD	80.00
PRECISION DATA PRODUCTS, INC.	I0000452202	PRINTER INK	223.00
PRECISION DATA PRODUCTS, INC.	I0000451688	USB - SERIAL ADAPTER	25.00
PREFERRED PRINTING, INC	29025	BUSINESS CARDS - ALLEN	70.00
PRIORITY COMPUTER SERVICES, INC	204008	FIRE DEPT - REPLACEMENT ALARM LAPTOP	457.00
PRIORITY COMPUTER SERVICES, INC	204063	MONTHLY SERVER/EMAIL MAINT	330.00
PVS MINIBULK, INC.	98275	WWTP - SODIUM BISULFITE CHEMICALS	1,389.82
REAL PRO SOLUTIONS, LLC	SP296	CCWS - PLOW VANDALIA TOWER	60.00
REAL PRO SOLUTIONS, LLC	SP297	CCWS - PLOW PENN PUMP HOUSES	70.00
REAL PRO SOLUTIONS, LLC	SP298	CCWS - PLOW VANDALIA TOWER	60.00
REAL PRO SOLUTIONS, LLC	SP299	CCWS - PLOW PENN PUMP HOUSES	70.00
REAL PRO SOLUTIONS, LLC	SP294	CCWS - PLOW VANDALIA TOWER	60.00
REAL PRO SOLUTIONS, LLC	SP295	CCWS - PLOW PENN PUMP HOUSES	70.00
ROTH, WILLIAM	01/07/2016	UB refund for account: 13-1684-2	34.98
SEMCO ENERGY GAS COMPANY	0346992.502	GAS SVC 10/28 - 11/25/15	69.09
SEMCO ENERGY GAS COMPANY	0161871.500	GAS SVC 11/10 - 12/10/15	17.37
SILVER CREEK TOWNSHIP	001452	WINTER 2015 TAX BILL	1,221.18
SOUTH BEND UNIFORM	28789	BALLISTIC VESTS	2,450.75
SPIEGEL & MCDIARMID	210208386	PROF SERVICES RENDERED THROUGH 9/30/15	5.70
STATE OF MICHIGAN	ME-0200312	SALES & TAX-DEC 2015	11,778.83
STATE OF MICHIGAN-MDOT	AP 383437	LOCAL PROG. BILL #1 - E RAILROAD	59,299.77
SUPERIOR PRINTING INC.	3243652	CHECK & DEPOSIT TICKETS (NEW ACCOUNTS)	255.60
THE RIDGE COMPANY	650440	AIR FILTER/OIL - SHOP AIR COMPRESSOR	14.05
THE RIDGE COMPANY	650361	GREASE GUN W/HOSE (#101)	26.87
THE RIDGE COMPANY	650903	WIND WASH PUMP/HORN/WIPER MOTOR/CORE	134.98
THE RIDGE COMPANY	651387	SNOW PLOW SHOE ASSEMBLY (#102)	37.84
THE RIDGE COMPANY	651394	SNOW PLOW SHOE ASSEMBLY (#9/#102)	37.84
THE RIDGE COMPANY	651149	WINDOW WASH FLUID	10.74
THE RIDGE COMPANY	651140	WIPER BLADES (#2/#9/#102)	115.98
THE RIDGE COMPANY	651139	WIPER BLADES (#1)	35.77
THE RIDGE COMPANY	651038	CORE DEPOSIT - WIPER MOTOR (#105)	(24.44)
THE RIDGE COMPANY	651081	SNOW PLOW OIL (#9)	13.62
THE RIDGE COMPANY	651002	HALOGEN LIGHT (#07 PARK SNOW PLOW)	13.33
THE RIDGE COMPANY	651722	FUSE (#07)	2.69
THE RIDGE COMPANY	651548	SODDER/MINI IRON - EVANS CAR	28.62
THE RIDGE COMPANY	651708	TRANS LINE CONN (#15)	3.49
THE RIDGE COMPANY	651839	OIL FILTER (#15)	4.75
THE RIDGE COMPANY	651690	TRANS LINE FITTING (#15)	3.49
THE RIDGE COMPANY	650988	SNOWPLOW CYLINDER (#102)	236.00
THE RIDGE COMPANY	651832	OIL FILTER (#15)	4.20
US BANK (CM-9705)	1/6/16	1997 BLDG AUTHORITY BONDS	131,885.00
USA BLUEBOOK	830038	LAB SUPPLIES	266.54
VAN BUREN/CASS CO HEALTH DEPT	12/28/15	2015 EMPLOYEE FLU SHOTS	600.00
VERIZON WIRELESS	9757769590	MIFI CARD - MONTHLY SUBSCRIPTION	240.06

Vendor		Description	Amount
VERIZON WIRELESS	9757780220	VERIZON TABLET - MONTHLY FEE	144.78
VERIZON WIRELESS	9757788048	CCWS - ITRON FIXED NETWORK	100.06
VERIZON WIRELESS	9757603928	VERIZON WIRELESS MONTHLY INVOICE (CELL	1,156.18
WEST SHORE FIRE REPAIR, INC	22026	2015 ANNUAL INSPECTION & MTCE OF OUTDOOR	1,500.00
WIGHTMAN & ASSOCIATES, INC	51466	2015 BRIDGE INSPECTIONS	1,345.14
WIGHTMAN & ASSOCIATES, INC	51440	ASBESTOS SURVEY - 110 ASHLAND	1,800.00
WILLIS CONSTRUCTION	1-4-16	BID FOR 511 N FRONT ST REPAIRS	175.00
WOLFORD ELECTRICAL & GEN CONT SVCS	11/30/15	MEDICAL SUITE	35,055.00
		Total:	<u>783,027.05</u>